Downtown Oakland's Economic Role in the City and the Region

September 8, 2017

Prepared for:

City of Oakland

Downtown Oakland Specific Plan

STRATEGIC ECONOMICS

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I. INTRODUCTION

Downtown Oakland plays many important roles in the City of Oakland and the Bay Area, including serving as a regional employment center, transit hub, civic and cultural center, visitor destination, and residential neighborhood. Economic activity in Downtown Oakland also generates tax revenues that support municipal services for Oakland residents. In recent years, the Downtown has experienced significant employment, income, and residential growth. However, new growth in the Downtown has not benefited all Oakland residents equally. These trends raise important questions about how the Downtown Oakland Specific Plan (DOSP) can help support continued growth, while maintaining Downtown's artistic and cultural identity, and ensuring that Downtown offers employment opportunities, affordable housing, and services for Oakland's diverse population. The City is taking additional time in the planning process to examine who has access to employment, housing, and other opportunities in the Downtown, and to ensure that racial equity is a central consideration of the DOSP.

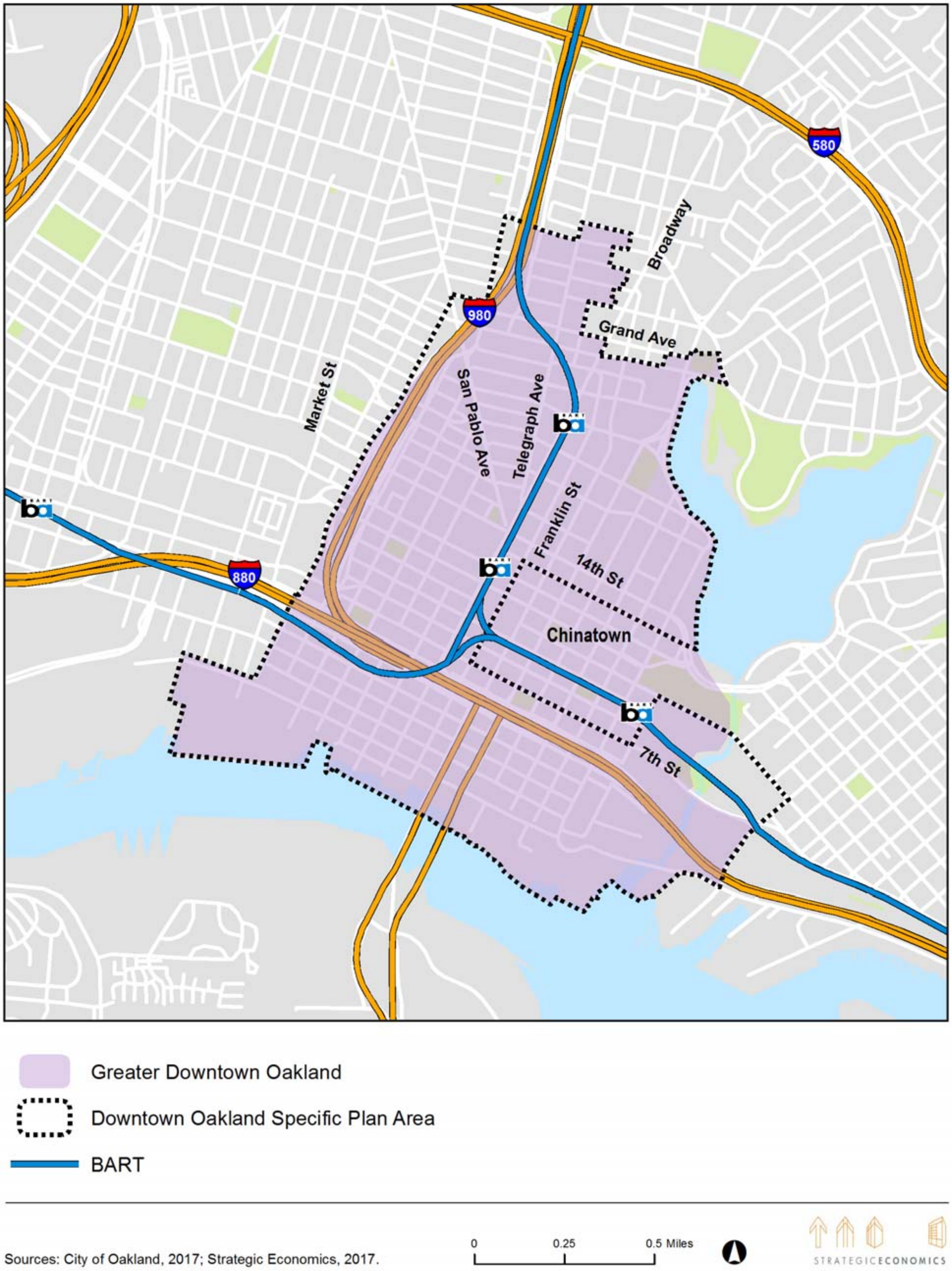
This report discusses Downtown's economic role in the city and region, with a focus on Downtown's employment mix and access to job opportunities for the City's residents, including people of color. The report is intended to begin to frame some of the issues and potential economic and workforce development strategies that will be addressed in the Plan.[1] The report is based on a combination of quantitative findings from an employment data analysis and qualitative findings from a review of previous studies and articles. The findings in this report are intended as a starting point for further discussion; the economic and workforce development component of the Plan will include strategies informed by additional community stakeholder input.

Following this introduction, Section II provides an overview of Downtown's economic role in the city and the region. Section III describes employment trends by sector and industry cluster, and the implications for job opportunities and career pathways for Oakland's residents. Section IV concludes with a preliminary list of goals and strategies that could be included in the Plan, based on the findings from the analysis.

Note that the geography for the analysis in this report is "Greater Downtown," which includes the Downtown Oakland Specific Plan Area and Chinatown (Figure 1). Although Chinatown is subject to a separate specific plan (the Lake Merritt Specific Plan), it functions as an integral part of Downtown Oakland's economy and was therefore included in this analysis.

[1] Strategic Economics is conducting a separate analysis of Greater Downtown's contribution to the City's fiscal health. Key findings from that analysis will be added to the final version of this report.

Figure 1. Greater Downtown Oakland and the Downtown Oakland Specific Plan Area



Sources: City of Oakland, 2017; Strategic Economics, 2017.

II. DOWNTOWN'S ROLE IN THE CITY AND REGIONAL ECONOMY

This section provides an overview of the many ways that Greater Downtown contributes to economic development in the City of Oakland. Section III provides more detail about recent employment trends and the implications for economic opportunities for City residents.

Regional Employment Center

As the largest employment center in Oakland and the East Bay, Greater Downtown Oakland is home to:

- One-third of all of jobs in Oakland in 2016.
- Two-thirds of all the City's office space.
- More than 40 percent of all new jobs created in the City between 2011 and 2016.

Downtown Oakland represents the largest concentration of employment not only in Oakland, but also in the East Bay (Alameda and Contra Costa Counties). As a regional employment center, Downtown benefits from its excellent rail and bus transit network (discussed in more detail below), central location in the region, and proximity to the Port of Oakland and Oakland International Airport. With 65,000 jobs in 2016 and nearly 19 million square feet of office space, Greater Downtown Oakland accounts for one-third of all of jobs in Oakland and two-thirds of the City's office space. Downtown Oakland's office space accommodates a wide range of job opportunities, including in the professional, scientific and technical services; finance, insurance, and real estate; information; health care administration; and government and non-profit sectors. In addition to these office-based jobs, Downtown Oakland is also home to many jobs in food services, retail, and arts and entertainment. Taken together, these jobs offer a range of employment opportunities for people at a variety of skill levels.

Downtown Oakland is driving employment growth in the City of Oakland. Between 2011 and 2016, more than 40 percent of all new jobs created in the City were in Greater Downtown. The Downtown's strength in professional services – a sector that is projected to account for more than one-third of regional employment growth through 2040[2] – and growing information technology cluster suggest that Downtown employment is well-positioned to continue to grow in the coming decades. Research has found that most job growth in California is generated by existing companies growing in the city or county where they are located, rather than companies moving in from another city or region.[3] This suggests that future job growth in Downtown Oakland is most likely to come from firms that start in Oakland.

However, the extent to which Downtown employment continues to grow depends on many factors, including ensuring that adequate physical space is available for entrepreneurs to start businesses and for established firms to add new jobs. Given Downtown Oakland's competitive advantages for employment in office-based sectors, maintaining the availability of office space – while also balancing office development with housing, arts, civic, and other uses that are critical to a healthy Downtown – is critical. Office vacancy rates in Downtown are at historic lows, in part reflecting the fact that very little new office space has been added to the inventory in the last 15 years. Several large office projects are expected to break ground this year, which could provide space to accommodate a significant increase in employment in the short- to mid-term. In the long-term, office development will be contingent upon the availability of prime sites for

[2] ABAG and MTC, *Plan Bay Area 2040 Draft Supplemental Report*, March 2017.
[3] Karen Chapple and Carrie Makarewicz, "Restricting New Infrastructure: Bad for Business in California?," 2010, http://escholarship.org/uc/item/5rx2z17b.pdf.

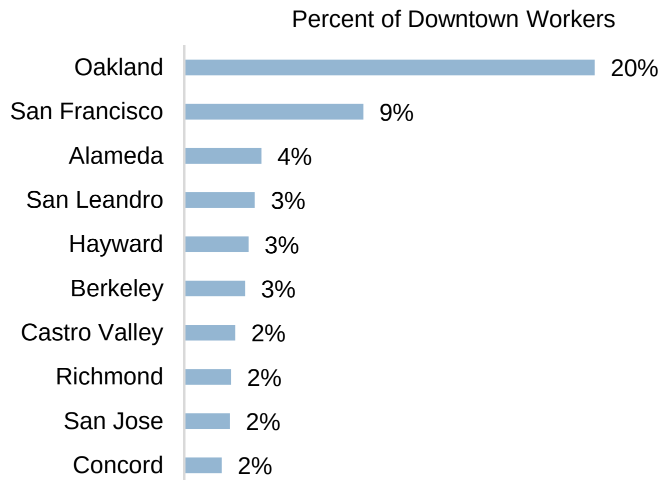
development. While Downtown has a significant amount of developable land, including many vacant parcels and parking lots, there are currently only a limited number of prime sites for office development (i.e., parcels of sufficient size, on or near Broadway, close to the BART stations).[4] Given the strength of the residential real estate market, there may be a need to preserve some of these key sites for new office construction to ensure that the Downtown can accommodate continued job growth.

As a regional employment center with excellent access by rail, ferry, and bus, Greater Downtown draws workers from across the Bay Area (Figure 2). Twenty percent of all jobs in the Greater Downtown are occupied by Oakland residents. The top ten Census Tracts from which Greater Downtown workers commute are clustered around Lake Merritt (Figure 3); however, fewer than four percent of all Greater Downtown workers live in these ten Census Tracts, reinforcing the fact that the Downtown attracts workers from across the City and the region.

Seventy percent of Downtown jobs require an Associate degree or higher level of education, placing Downtown jobs out of reach of many Oakland residents, particularly many people of color. As shown in Figure 4, in 2014, 55 percent of Downtown workers were white, 24 percent were Asian or Pacific Islander, 17 percent were black, and 14 percent were Latino. In comparison, Oakland's labor force – defined as civilian residents 16 years and over who were either employed, or unemployed but actively looking for work – included higher proportions of black and Latino workers. (Further analysis would be required to determine how the racial and ethnic composition of Downtown's workforce and the City's labor force have changed over time.)

However, some of Downtown's largest employment sectors, including professional services, government, and healthcare offer significant middle-wage employment opportunities for workers that do not have a four-year college degree. At the same time, some of the industries that are growing the fastest Downtown, such as food services, offer entry level employment opportunities but do not generally offer economic security or pay the wages required to live comfortably in Oakland. Later sections of this report provide a more in-depth look at trends in Downtown employment, and the extent to which Downtown's jobs serve Oakland's residents.

Figure 2. Top Ten Cities Where Greater Downtown Oakland Workers Live



Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, 2014; Strategic Economics, 2017.

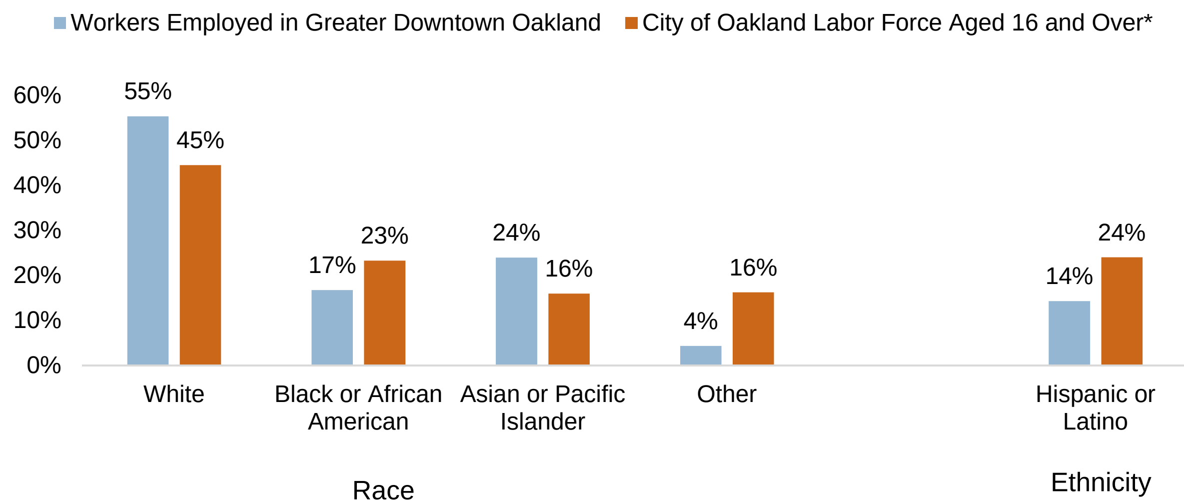
[4] SPUR, *A Downtown for Everyone: Shaping the Future of Downtown Oakland*, May 2015.

Figure 3. Top Ten Census Tracts* Where Downtown Oakland Workers Live, 2014

Neighborhood	City	Alameda County Census Tract
Chinatown	Oakland	4033
Oakland Hills	Oakland	4081
Cleveland Heights	Oakland	4052
Adams Point	Oakland	4036
Bay Farm Island North	Alameda	4283.02
Chinatown	Oakland	4030
Lakeside	Oakland	4034
Bay Farm Island South	Alameda	4283.01
Alameda South Shore	Alameda	4282
East Peralta/Alameda Marina	Alameda and Oakland	4273

*Fewer than 4% of all Downtown workers live in these Census Tracts
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, 2014; Strategic Economics, 2017.

Figure 4. Race and Ethnicity: Greater Downtown Oakland Workforce Compared to Oakland Labor Force Aged 16 and Over



*The labor force is defined as the civilian population 16 years and over who are either employed, or unemployed but actively looking for work.

Note that for the purposes of these data, Latino identity is considered an ethnicity; Latinos may be of any race.

Source: U.S. Census Bureau and Social Explorer, ACS 2015 (5-Year Estimates); U.S. Census Bureau, Longitudinal Employer-Household Dynamics, 2014; Strategic Economics, 2017.

Transit Hub

Downtown serves as a major hub for the region's rail and bus transit network. This competitive advantage makes the Downtown accessible for residents from across the city and the region, and has helped attract employers and supported Downtown's role as a major commercial center throughout Oakland's history. Beginning in the late 1800s with Downtown's selection as the terminus point for the Transcontinental Railroad and the introduction of the streetcar, Downtown developed as a dense, transit-oriented, urban center, home to notable skyscrapers, department stores, and movie palaces. Urban renewal, the decommissioning of the streetcar system, and the construction of one-way streets and the freeway system in the mid-20th century damaged Downtown's pedestrian and transit infrastructure.[5] Nonetheless, Downtown remains the heart of the East Bay's transit network with direct connections to four BART lines, 20 AC Transit routes, the SF Bay Ferry, and three Amtrak routes. As of 2012, 49 percent of all trips in the Downtown – and 60 percent of all commute trips – were made by transit, bicycle, or on foot.[6] As Downtown has attracted more employment in recent years, transit ridership has increased, especially at the 19th Street (Uptown) station (Figure 4).

This transit connectivity makes Downtown an excellent location for future employment (as well as residential) growth. Locating jobs within walking distance of transit is particularly important for low- and middle-income workers and people of color, who tend to be more transit-dependent than higher-wage and white workers. Increasing the number of jobs in transit-accessible Downtown Oakland could also help reduce the region's vehicle miles traveled and greenhouse gas emissions, and make BART and AC Transit's transbay routes more sustainable by taking advantage of unused transit capacity in what is currently the reverse commute direction.

The Importance of Transit Access for Lower-Wage Workers and People of Color

While most lower-wage workers drive to work in the Bay Area, they are more likely than higher-wage workers to take transit or walk to work. Overall, 11.2 percent of lower-wage workers (earning less than $18 an hour) take transit to work, and 6 percent walk to work. In comparison, 9.8 percent of higher wage workers (earning more than $30 an hour) take transit, and only 2.5 percent walk. Lower-wage workers are especially likely to rely on bus service to access employment.

Lower-wage workers are also much more likely than higher-wage workers to work in the same county where they live. Almost 80 percent of low-wage workers who live in Alameda County are also employed in the county, compared to about 55 percent of high wage workers.

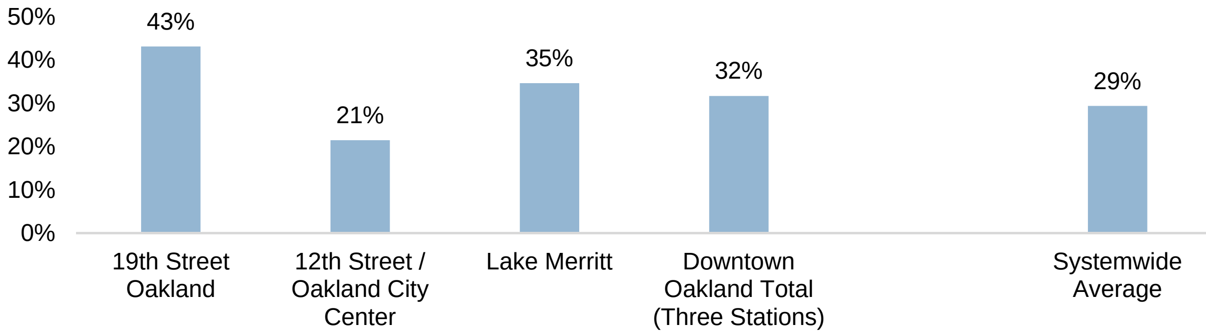
Research has also found that people of color are more likely to rely on transit. A 2012 survey found that nearly 40 percent of AC Transit riders were black, 20 percent were Hispanic, and 13 percent were Asian. Nearly one-third of riders spoke a language other than English at home.

These findings indicate the importance of maintaining strong local and regional employment centers, especially in highly transit-accessible locations like Downtown Oakland.

Source: SPUR, *Economic Prosperity Strategy: Improving Economic Opportunity for the Bay Area's Low- and Moderate-Wage Workers*, October 2014; AC Transit, *2012 Passenger Survey*, http://www.actransit.org/wp-content/uploads/2012-On-Board-Passenger-Survey-Results.pdf; Stephanie Pollack, Barry Bluestone, and Chase Billingham, "Maintaining Diversity in America's Transit-Rich Neighborhoods: Tools for Equitable Neighborhood Change" (Dukakis Center for Urban and Regional Policy at Northeastern University, October 2010), http://www.dukakiscenter.org/TRNEquity.

[5] SPUR, *A Downtown for Everyone: Shaping the Future of Downtown Oakland*, May 2015.
[6] Alameda County Transportation Commission, *Comprehensive Circulation Study for Downtown Oakland and Access to/from West Alameda*, October 2015.

Figure 5. Percent Increase in BART Ridership at the Downtown Oakland Stations Compared to the System Overall, 2010-2016 (Fiscal Years)



Source: Bay Area Rapid Transit, 2016; Strategic Economics, 2017

Contributor to the City's Fiscal Sustainability

As a center of commerce and investment activity, Downtown Oakland generates property tax, business license tax, transient occupancy (hotel) tax, sales tax, and other revenues that support municipal services for Oakland residents. Strategic Economics recently conducted an analysis that quantified Greater Downtown's existing contribution to the City's General Purpose Fund and analyzed relative revenues and expenses associated with apartment, office, retail, and hotel development.[7]

Downtown Oakland plays an outsize role in supporting the City's ability to fund services. Downtown Oakland's existing mix of land uses and economic activity generates a net positive contribution to the City's General Purpose Fund, which is Oakland's primary, unrestricted operating fund. As of fiscal year 2015-2016, the Greater Downtown area was estimated to generate nearly $28 million in revenues to the General Purpose Fund, after accounting for the costs of providing services such as police, fire, library, parks and recreation, street maintenance, economic and workforce development, etc. The Greater Downtown area accounted for 17 percent of citywide revenues, yet only consumed 13 percent of spending on services. Given the high density of development in the area, it also generates high net revenues per acre of land.

Downtown Oakland's importance for City revenues is linked to the area's role as a regional employment center and visitor destination (discussed in more detail below). Hotel, retail, and office projects all generate significant fiscal benefits since visitors, shoppers, and workers pay a variety of taxes and fees, while requiring fewer basic City service needs compared to residents.[8] As Downtown Oakland continues to grow and experience investment, it will be important to ensure that the area continues to generate revenues critical for providing City services, while also meeting a variety of other community goals.

Civic and Cultural Center

In addition to being an employment center and transit hub for the city and the region, Downtown Oakland serves as a community gathering space and cultural and civic center. Many of the social and civic service providers serving the city and county are located Downtown, including business assistance, workforce

[7] Memo, "Fiscal Analysis" for the Downtown Oakland Specific Plan, September 8, 2017.
[8] The analysis tested the fiscal impacts associated with conceptual development prototypes representing hotel, retail, office, and residential development. All tested prototypes were estimated to generate positive fiscal benefits, with the hotel, retail, and office prototypes generating the greatest net revenues.

development, health services, youth services, homeless services, and many other service providers. Because of the Downtown’s central location and transit access, people across Oakland and throughout the region can easily access critical services located Downtown. Maintaining affordable space for these services as office rents increase is critically important for city residents. Non-profit organizations and other service providers also play a key role in supporting Downtown’s continued economic development, providing technical assistance to entrepreneurs and small businesses, connecting youth and other workers to Downtown jobs, and convening business owners and workers around issues affecting specific industries. For example, Downtown is increasingly becoming a hub for organizations and convenings that are dedicated to improving diversity and inclusion in the tech industry.

Downtown Oakland is where Oakland gathers as a community, at events ranging from the monthly First Friday Art Festival, to annual festivals such as Art and Soul and Oakland Chinatown StreetFest, to formal and informal protests, to family barbeques and charity walks and races at Lake Merritt. Greater Downtown is also home to a number of arts and cultural districts, including Jack London Square, Chinatown, the Arts and Garage District, Koreatown/Northgate, and the Black Arts Movement & Business District. Community events and cultural arts help shape Oakland’s identity, create cohesion among the community’s diverse cultural groups, generate entrepreneurship and employment in the creative industries, and reinforce Oakland’s appeal as a destination for visitors. Oakland’s Draft Economic Development Strategy identifies Culture and Arts as one of the City’s key industry clusters, and notes that preserving access to affordable studios, maker space, performance space, and housing for artists is key to supporting the continued success of this cluster.

Dining, Retail and Entertainment Center

Over the past five to ten years, Greater Downtown has become a local and regional destination for dining, nightlife, and entertainment businesses. The emergence of new dining and entertainment options compliments the wide variety of existing independent retailers, which includes everything from Asian-oriented retail in KONO and Chinatown, to galleries in Uptown, to boutiques in Old Oakland. Uptown and KONO in particular have emerged as major dining, drinking, and entertainment districts, building on the reopening of the Fox Theater and popularity of the Art Murmur and First Friday events. Other retail districts – including Old Oakland and the Jack London District – have also attracted new restaurants and entertainment destinations, while Chinatown remains a long-standing destination for dining as well as shopping and services. The renaissance in dining, nightlife, and entertainment has helped draw increased activity to Downtown Oakland, especially in the evenings. However, some community members have also raised concerns about the affordability of the Downtown’s newer retail and restaurants for lower-income Oakland residents.

Downtown Oakland also has a distinctive retail cluster of shops owned by younger entrepreneurs of color that give the Downtown a unique, multicultural identity. In contrast to restaurants – which are expanding across the country – the retail industry is struggling nationally. However, Downtown Oakland’s retail cluster has expanded. In particular, new, small, black-owned businesses have opened, adding to long-established Black-owned clothing shops, barber shops, beauty parlors, and other businesses. Examples include Urban Stitch Boutique, FeelMore Adult Gallery, SuRu, The Town Business, OwlNWood, Benny Adem Grooming Parlor, Regina's Door, Oakland Ink, Betti Ono Gallery, and Spoiled Boutique. Maintaining opportunities for diverse entrepreneurship and business ownership is critical for everyone to feel welcome and to help address wealth inequality.

Visitor Destination

Greater Downtown is also attracting an increasing number of overnight visitors, generating additional economic activity. In 2016, Oakland attracted just over 3.7 million visitors, who spent a total of $627 million – an increase of almost 30 percent since 2012. Visitor spending is estimated to support nearly 5,800 jobs in Oakland, with most of the jobs concentrated in the lodging, recreation, food and beverage, and retail sectors.[9] Demand for hotel rooms – and the City's transient occupancy tax receipts – have been increasing steadily since 2010. Most of the city's higher end hotels are located Downtown, and the arts, cultural and sporting events, and other activities in the Greater Downtown make it a particularly attractive tourist destination. While Downtown Oakland has seen no new major hotel development since the Courtyard Marriott opened in 2002, the strength of the current market and limited existing options are driving investments to improve existing properties, as well as heightened interest from hotel developers.

Residential Neighborhood

In addition to Downtown's other economic roles, it also functions as a series of distinct residential neighborhoods – including KONO, Uptown, Lakeside, Old Oakland, Chinatown, and Jack London. Greater Downtown is home to a diversity of households with a range of incomes, including roommate households, couples, families with children, seniors, the homeless, and residents of Single Resident Occupancy (SRO) hotels. As the residential population has increased in recent years, the demand for local-serving retail has increased as well. However, in some parts of Downtown, the demand for neighborhood-serving goods and services (such as grocery stores or health clinics) remains largely unmet. Rising commercial rents may also threaten the ability of long-standing, neighborhood-serving businesses and non-profits to remain.

[9] Visitors are defined as travelers who stayed in overnight accommodations, or day travelers whose trip deviated from their normal routine. Tourism Economics, "The Oakland Visitor Economy: 2016 Analysis," prepared for Visit Oakland, April 2017.

III. EMPLOYMENT AND JOB OPPORTUNITIES IN DOWNTOWN OAKLAND

This section describes employment trends by sector and industry cluster in Greater Downtown and discusses the implications for job opportunities and career pathways for Oakland's residents. The section begins with an overview of employment and wage trends in Downtown, followed by a discussion of how closely the education and skill levels required to work in Downtown Oakland jobs match the education levels of Oakland residents. Finally, the section provides an analysis of employment opportunities in the two industries that have experienced the fastest job growth in Downtown Oakland: tech and food services. In addition to driving job growth in Downtown Oakland, these industries are also some of the fastest growing in the Bay Area region. While the two industries are very different in terms of wages and required education and training levels, both struggle with diversity and inclusion.

Because available data sources track employment by sector, most of the discussion and data below focus on sectoral trends in employment and wages. To the extent possible based on the available data, the analysis also describes Downtown's role in supporting the industry clusters that the City of Oakland has identified as high priority for economic and workforce development purposes (see text box below on employment sectors and industry clusters).

It is also important to note that the analysis this section focuses on jobs and employment opportunities. Other types of economic opportunities – for example, entrepreneurship and the arts – are not fully captured in this analysis, but are a vital component of Downtown Oakland's economy.

Defining Terms: Employment Sectors and Industry Clusters

Employment sectors are the broad categories (such as public administration, professional services, information, and manufacturing) that are typically used to track employment change over time. Because available data sources track employment by sector (using the North American Industry Classification System, or NAICS, codes), most of the discussion and data in this section focus on sectoral trends in employment and wages

Industry clusters are local concentrations of related firms and organizations. Industry clusters, which may include industries from across multiple employment sectors, are typically the focus of economic and workforce development strategies.

The Draft Oakland Economic Development Strategy identifies the seven industry clusters that drive the City's economy. In the coming years, the Office of Economic and Workforce Development plans to focus its business attraction and retention efforts on three clusters in particular: Culture and Arts, Manufacturing, and Retail. The 2017 Oakland Workforce Development Strategic Plan identifies eight priority industries for workforce development efforts. The table below shows how the Economic Development and Workforce Development industry clusters align with each other and with the employment sectors discussed in this report.

	Corresponding Target Industry Clusters[1]	
Employment Sectors	**Economic Development**	**Workforce Development**
Accommodation, Food Services, Arts	Culture and Arts	Hospitality and Leisure
Administration, Support, Waste Management		
Construction		Construction
Educational Services		
Fire, Insurance, Real Estate		
Health Care and Social Assistance	Health and Wellness	Healthcare
Information	Tech[2]	Information Communications Technology[2]
Management of Companies and Enterprises		
Manufacturing	Manufacturing and Food Production Tech[2] Clean and Green[3]	Advanced Manufacturing Information Communications Technology[2]
Other Services		
Professional, Scientific, and Technical Services	Tech[2] Clean and Green[3]	Information Communications Technology[2]
Public Administration		Government
Retail	Retail	Retail
Transportation, Warehousing, Wholesale, Utilities	Transportation and Logistics Clean and Green[3]	Transportation and Logistics

[1] As identified in Oakland's Draft Economic Development Strategy and the Workforce Development Strategic Plan.

[2] Downtown Oakland's tech industry cluster includes businesses in the professional, technical, and scientific services and information sectors, with little if any computer manufacturing located in the Downtown.

[3] The clean and green cluster includes businesses in multiple sectors, including in utilities, manufacturing, and professional, technical, and scientific services.

EMPLOYMENT TRENDS

Figure 5 summarizes overall employment trends in the Greater Downtown between the second quarter of 2011 and the second quarter of 2016. Figure 6 shows jobs in Greater Downtown by employment sector in the second quarter of 2016. Figure 7 shows change over time between 2011 and 2016 by sector. Key findings are discussed below.

Greater Downtown is home to more than one-third of all jobs in the City of Oakland, with a particular concentration of office-based jobs. According to data based on state unemployment insurance records, approximately 65,000 jobs were located in Greater Downtown in the second quarter of 2016, out of a total of 180,000 citywide (Figure 5).[10] More than two-thirds of the city's jobs in office-based sectors (including professional, scientific and technical services; finance, insurance, and real estate; and information) are located in Greater Downtown.

Greater Downtown added more than 9,700 jobs between the second quarters of 2011 and 2016, an expansion of 18 percent. This growth in employment accounted for 42 percent of all jobs added in Oakland. Alameda County also experienced an 18 percent increase in employment during this time period (Figure 5).

Figure 6. Employment in Greater Downtown, the City of Oakland, and Alameda County, 2011-2016

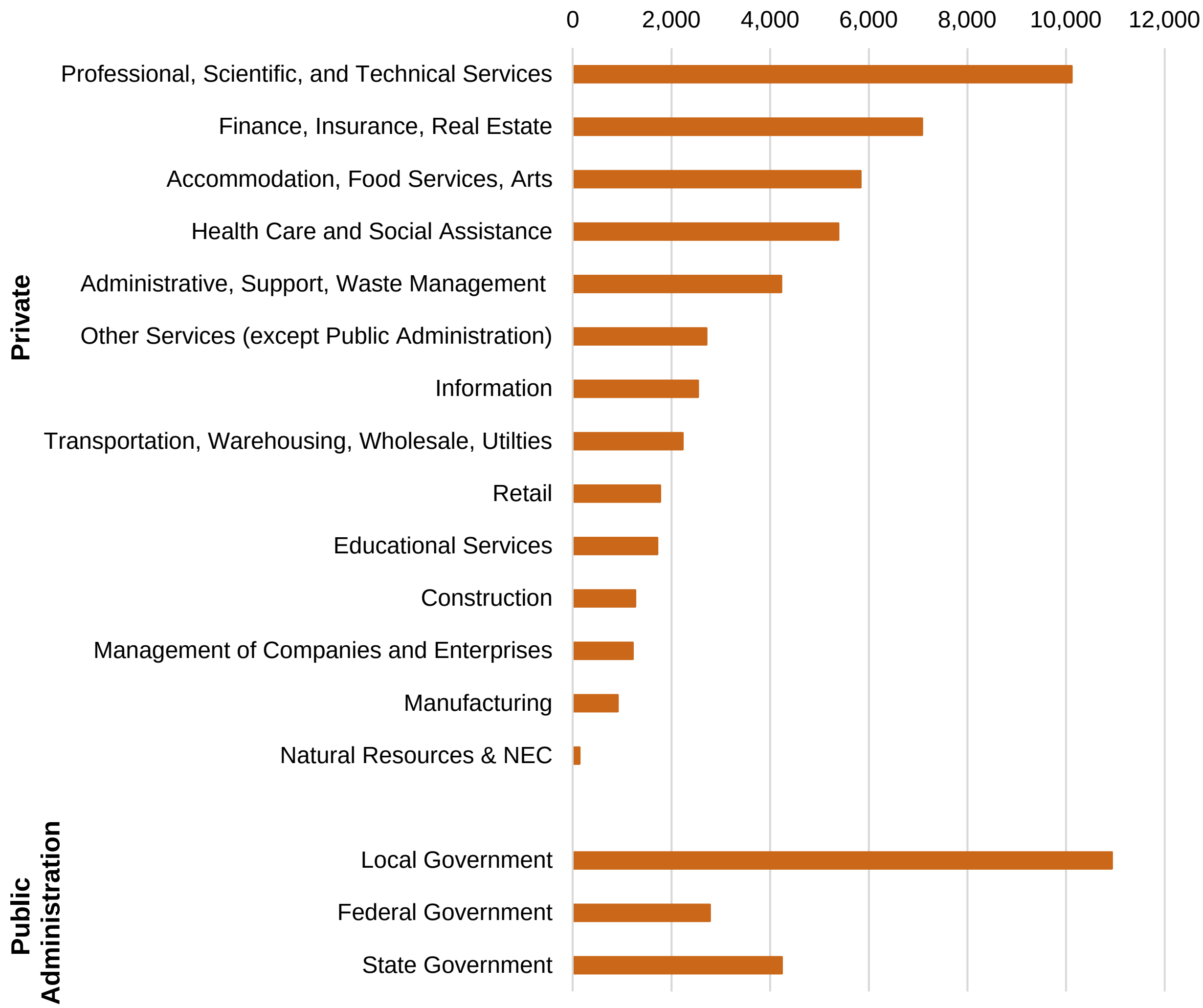
	Greater Downtown	City of Oakland	Alameda County	Greater Downtown as a % of City	Greater Downtown as % of County
Employment					
Total Jobs, 2016	65,048	180,723	751,321	36%	8.7%
Total Jobs, 2011	55,317	157,309	636,412	35%	8.7%
New Jobs, 2011-16	9,731	23,414	114,909	42%	8.5%
Percent Change, 2011-16	18%	15%	18%		

Employment shown for second quarter of each year.

Source: California Employment Development Department, 2017; Strategic Economics, 2017.

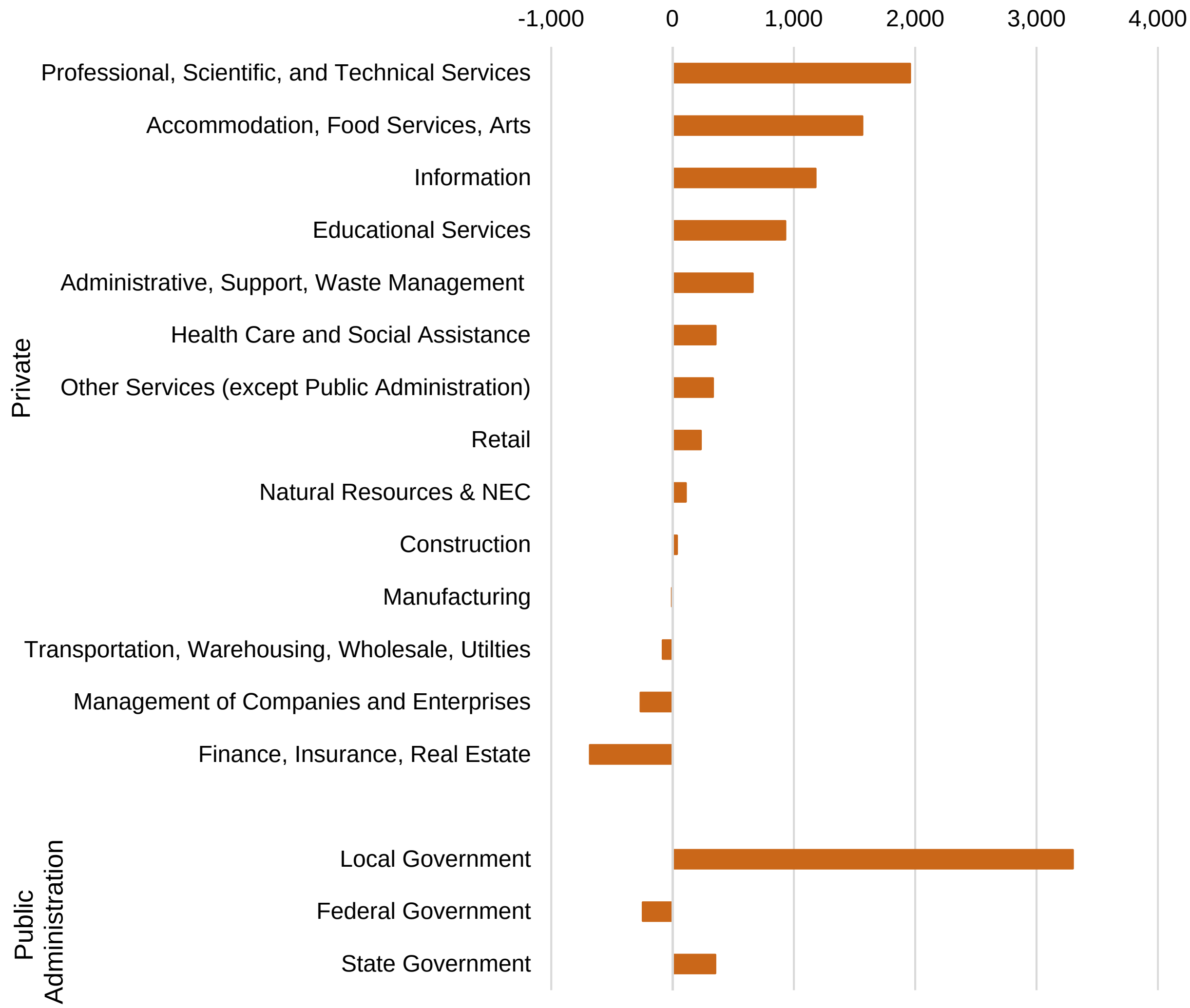
[10] Note that other sources place total Downtown employment at a higher level. For example, the U.S. Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) database estimates employment in Greater Downtown at 77,600 in 2014. Unemployment insurance data from the California Employment Development Department (EDD) are used for this analysis because this data source allows for more fine-grained analysis, and because EDD data are more reliable in tracking trends over time. EDD employment data cover most private sector and public employees, including full- and part-time workers. However, the data exclude proprietors, the unincorporated self-employed, unpaid family members, certain farm and domestic workers not required to report employment data, and railroad workers covered by the railroad unemployment insurance system. Note that the trends shown in this report may not match other reports on Downtown Oakland's employment, in part because of the way that employers are categorized. For example, Kaiser Permanente's various Downtown offices are sometimes categorized in Finance and Insurance, but other times in Health and Social Assistance or Management of Companies and Enterprises.

Figure 7. Jobs in Greater Downtown Oakland by Sector, Second Quarter 2016



Source: California Employment Development Department, 2017; Strategic Economics, 2017.

Figure 8. Change in Greater Downtown Oakland Employment by Sector, Second Quarter 2011 to Second Quarter 2016



Source: California Employment Development Department, 2017; Strategic Economics, 2017.

The public sector accounts for nearly one-third of employment in Greater Downtown Oakland. Overall, public administration accounts for nearly 18,000 jobs, or 28 percent of total employment in Greater Downtown (Figure 6). Some of the largest public employers include Bay Area Rapid Transit (BART), Oakland Unified School District (OUSD), East Bay Municipal Utilities District (EBMUD), the University of California Office of the President (UCOP), the Internal Revenue Service, and the Superior Court of California, Alameda County. Downtown also experienced significant growth in the public sector between 2011 and 2016 – specifically in local government jobs – primarily because the OUSD relocated its offices to Downtown during this time (Figure 7). The public sector has long been a source of secure, middle-wage jobs.

Professional, scientific, and technical services is the largest and fastest growing private industry sector. The professional, scientific, and technical services category includes a wide variety of architecture, engineering, law, consulting, computer systems programming, design, and other professional services firms. This sector accounted for about 10,000 jobs in Downtown in 2016 (or 16 percent of total employment), and added just under 2,000 new jobs between 2011 and 2016 (Figures 6 and 7).

Downtown's expanding tech cluster accounts for the majority of the new jobs created in both the professional, scientific and technical services sector, and in the information sector. Downtown's tech cluster includes jobs in both the professional services and information sectors, including in computer systems design, software publishing, data processing and hosting, and web-based media. Between 2011 and 2016, Greater Downtown added 2,000 new tech industry jobs – accounting for about 20 percent of all new

Downtown Oakland's Nonprofits

As discussed in Section II, Downtown Oakland is home to many of the social and civic service providers serving the city and county, including organizations providing business assistance, workforce development, health services, youth services, homeless services, and many other services. These organizations play a critical role in the city and region, especially because the Downtown is easily accessed by rail and bus transit.

Total nonprofit employment in Oakland has expanded since 2011. (Nonprofit employment is spread out over several sectors, including Health and Social Services and Other Services.) Several large nonprofits have moved from San Francisco and Berkeley to Downtown, including the Sierra Club and the Greenlining Institute.

However, rising rents and low vacancies in Downtown Oakland have created significant challenges for long-established nonprofits whose leases have expired. Many organizations have found that they were either not offered a lease renewal, or could not afford market rents. Examples of nonprofits that have relocated to different neighborhoods or are planning to move include Misssey (an organization that advocates for sexually exploited children), the Eviction Defense Center, the Oakland Private Industry Council, Not In Our Town (an anti-bullying organization), Bay Area Girls Rock Camp, East Bay Alliance for a Sustainable Economy and the Oakland branch of the International Rescue Committee.*

Oakland has a formal program called Keeping Space Oakland that provides assistance to arts and culture organizations to secure long-term, affordable, safe space in Oakland. The program is administered by the Community Arts Stabilization Trust and funded by the Kenneth Rainin Foundation and the William and Flora Hewlett Foundation. Expanding on this program to serve other nonprofits beyond arts and culture could help address the displacement challenge. In the medium to long term, adding new office space in Downtown could also help reduce the market pressures that are causing nonprofits to relocate.

*Kimberly Veklerov, "Oakland sees exodus of nonprofits from downtown as market booms," *San Francisco Chronicle*, April 22, 2017, http://www.sfchronicle.com/bayarea/article/Oakland-sees-exodus-of-nonprofits-from-downtown-11091093.php.

jobs created in Greater Downtown during this time, and approximately two-thirds of all new jobs in the professional services and information sectors.[11] Nevertheless, the tech cluster remains relatively small compared to the overall size of the Greater Downtown economy – accounting just for 3,500 out of 65,000 jobs as of the second quarter of 2016. In addition to jobs in tech, Downtown Oakland is also home to a number of businesses in the clean/green tech industry cluster, including Build it Green, Borrego Solar, Renewable Funding, Mosaic, Comfy, and Powerhouse. These firms are scattered across many sectors, making it difficult to quantify the size of the cluster.

Accommodation, food services, and the arts also provides significant employment, and added the greatest number of new jobs after professional services. Accommodation, food services, and the arts is the third largest employment sector and the second fastest growing in Greater Downtown, adding 1,500 new jobs between 2011 and 2016. Employment in this sector is dominated by Downtown's many restaurants, but also includes smaller numbers of jobs in hotels, spectator sports (including the Golden State Warriors), and museums and other arts and cultural organizations like the Oakland Museum of California and the Oakland East Bay Symphony. More than 90 percent of the employment growth in this sector was in food services (including restaurants, bars, and special food services such as caterers and mobile food trucks). Note that the importance of the arts for Downtown Oakland is not fully captured by the employment data, which do not include information on sole proprietors or the self-employed.

Other sectors employing large numbers of workers in the Greater Downtown include finance, insurance, and real estate, as well as health care and social assistance. Finance, insurance, and real estate is dominated by the Kaiser Permanente national headquarters (Downtown's largest private employer), but also includes a variety of banks and other insurers. Health care and social assistance also includes some Kaiser employment, most of which is office (rather than hospital) based, as well as many non-profit service providers, medical and dental offices, and other health and wellness service providers. None of Oakland's major hospital facilities are located in the Greater Downtown.

Retail is a relatively small and slow-growing sector. About 1,800 workers in Greater Downtown are employed in retail, accounting for only about 15 percent of total retail employment in the City.[12] Within Downtown's retail sector, most of the employment is in resident-serving industries such as grocery stores, health and personal care stores, and home furnishings stores. However, access to these types of goods and services is not evenly distributed throughout the Downtown. For example, while Chinatown has many groceries and markets, most of the rest of Downtown has limited access to fresh food stores. Another notable feature of Greater Downtown's retail sector is the limited number of chain retailers. With some exceptions in the Jack London District (such as Cost Plus, Bed Bath and Beyond, and BevMo!), chain retail is primarily limited to drug stores like Walgreens and CVS.[13]

Downtown Oakland has a relatively small amount of employment in manufacturing compared to other parts of the city, and much of the employment in this sector is in headquarters or other offices. Greater Downtown is home to fewer than 1,000 jobs in the manufacturing sector, accounting for less than 15 percent of total manufacturing employment in the City. The largest employers in the manufacturing sector are the headquarters for Clorox and Nestlé Dryer's Ice Cream Company. However, Downtown does

[11] Note that previous reports have defined the tech cluster to include different industries. For example, the 2015 report "Oakland Technology Trends," prepared by Beacon Economics for the Oakland Metropolitan Chamber of Commerce, estimated that the city's tech establishments employed over 5,600 workers during 2014. However, the report used a much broader definition that included graphic design services, electronic markets and shopping/mail-order houses, and physical and biological research.

[12] As with other sectors, retail employment may be underreported since the employment data exclude proprietors.

[13] Note that there are also some chain restaurants/cafes, banks, and gyms that fall into other employment sectors.

have a number of smaller manufacturers, mostly in food and beverage production. Examples include Peerless Coffee, Baia Pasta, Barlovento Chocolate, Dashe Cellars, and Cerrutti Cellars (all located in and around the Jack London District), and HL Noodle, Inc. in Chinatown.

Transportation, warehousing, wholesale, and utilities is also a relatively small (and declining) sector in the Downtown. Downtown is home to some companies in transportation, warehousing, wholesale, and utilities, including corporate offices for various maritime and ground shipping companies. However, Oakland's transportation and logistics businesses tend to be concentrated closer to the Port of Oakland and Oakland International Airport.

WAGES

Figure 8 compares the annual average wage paid by jobs in Greater Downtown Oakland compared to the city and countywide averages. Figure 9 shows average annual wages by sector, for the Downtown and the City.

On average, jobs in Greater Downtown pay higher wages than jobs located elsewhere in the city and county, reflecting a concentration of highly paid, office-based jobs. Workers employed in Downtown earned an average of $82,500 in 2016, compared to approximately $65,000 on average for all workers in the City of Oakland, and $67,700 for Alameda County workers (Figure 8). As shown in Figure 9, average wages are higher in the Downtown compared to the city across almost all sectors, reflecting the concentration of well-paying jobs in Downtown. For example, many Downtown employees in the manufacturing and transportation sector work in management, sales, and other office-based positions, such as the headquarters for Clorox and Nestlé Dryer's Ice Cream Company. In other parts of the city, the manufacturing and transportation sectors tend to employ more workers in production and goods movement occupations, which pay lower wages on average. Jobs in knowledge-based industries such as information, finance and insurance, and professional services – which are highly concentrated in Downtown – also tend to be higher paid on average, compared to other sectors.

Annual average wages in Downtown also grew significantly between 2011 and 2016 compared to city and countywide averages, although overall wage growth was lower than the rate of inflation. The average wage in Downtown increased by 13 percent between 2011 and 2016, compared to 12 percent in the city and 11 percent in the county (Figure 8). However, it is important to note that the Bay Area cost of living (as measured by the U.S. Bureau of Labor Statistics' Consumer Price Index for the San Francisco-Oakland-San Jose Consolidated Metropolitan Area) increased by an estimated 14 percent between 2011 and 2016 – indicating that wages have not kept up with inflation. Average wage growth did exceed inflation in some industries, including in tech and food services (discussed below).

Within employment sectors there is significant variation in wage levels by occupation. This variation is not fully reflected by averages, which tend to be skewed upwards by the highest paying jobs in each industry. While data on the actual range of wages paid by Downtown Oakland employers is limited, the following section looks more closely at how well the jobs in Greater Downtown serve Oakland residents, based on a variety of indicators.

Although wage data by race and ethnicity are not available for the Downtown specifically, people of color experience significant disparities in earnings compared to whites in Oakland overall. As of 2014, the median hourly wage in Oakland was $35 for white workers, compared to $20 for people of color. Only 67 percent of workers of color earned $15 or more an hour, compared to 89% of white Oakland workers.

The gap between wages earned by people of color and whites has steadily increased since the 1980s.[14] These inequities likely indicate a number of different factors, including disparities in education, training, and occupation, as well as bias among employers in hiring, promotions, and wages.

Figure 9. Average Annual Wages in Greater Downtown, the City of Oakland, and Alameda County, 2011-2016 (Nominal Dollars)

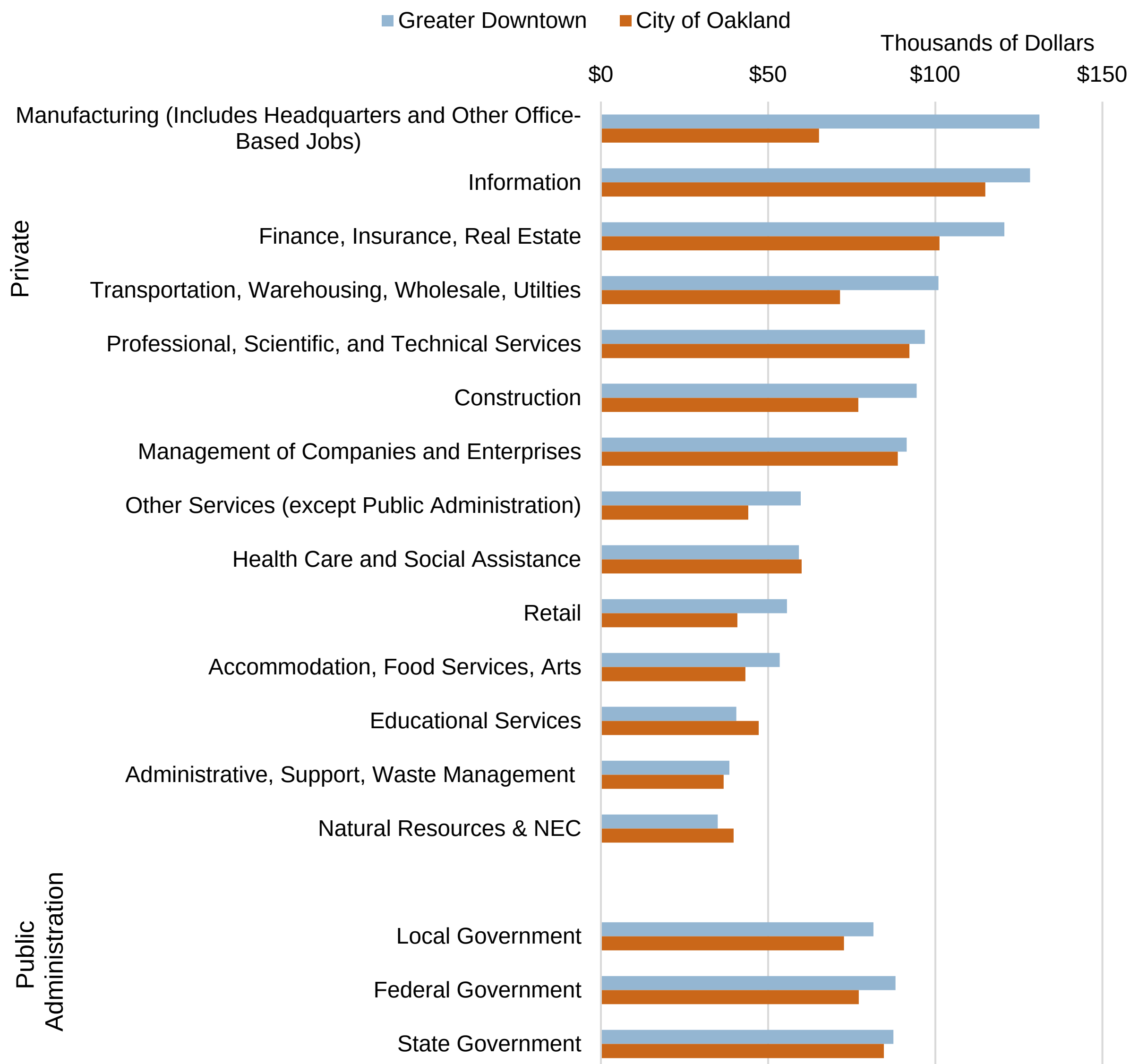
	Greater Downtown	City of Oakland	Alameda County
Average Annual Wages			
All Jobs, 2016	$82,521	$64,997	$67,672
All Jobs, 2011	$73,196	$57,933	$60,933
Change, 2011-16	$9,325	$7,064	$6,739
Percent Change, 2011-16	13%	12%	11%

Annual average wages estimated based on payroll from the second quarter of each year. Wages are shown in nominal terms (not adjusted for inflation).

Source: California Employment Development Department, 2017; Strategic Economics, 2017.

[14] Source: PolicyLink/PERE National Equity Atlas, www.nationalequityatlas.org.

Figure 10. Average Annual Wages in Greater Downtown and the City of Oakland by Sector, 2016



Annual average wages estimated based on payroll from the second quarter of 2016.
Source: California Employment Development Department, 2017; Strategic Economics, 2017.

JOB OPPORTUNITIES AND CAREER PATHWAYS FOR OAKLAND RESIDENTS

This section discusses the job opportunities that are available in Downtown, and how closely the education and skill levels required to work in Downtown Oakland jobs match the education levels of Oakland residents.

Defining Terms: Career Pathways and Career Ladders

A **career pathway** is a series of educational, training, and support services that enable students and working adults to achieve higher levels of education and training advance over time to better paying jobs.

A **career ladder** represents opportunities for promotion within a business or industry from entry level positions, to jobs with greater levels of responsibility and higher pay.

Figure 10 summarizes the largest and fastest growing employment sectors in Downtown Oakland, and illustrates how those sectors correspond to the industry clusters that the City has targeted for economic and workforce development efforts. The figure also shows which employment sectors have the most middle-wage jobs (jobs earning $18-$30 an hour) in the Bay Area, based on an analysis by SPUR in the *Economic Prosperity Strategy* for the Bay Area. Growing middle-wage jobs, and creating career pathways that allow low-wage workers to access those jobs, is one key component of addressing income inequality in the Bay Area.[15]

Figure 11 shows the educational attainment requirements of Downtown Oakland jobs. Figure 12 shows the educational attainment of Oakland workers, by race, ethnicity, and immigrant status.

Key findings are discussed below, followed by a profile of the job opportunities available within the two fastest growing industry clusters in Downtown Oakland: information technology and food services.

[15] SPUR, *Economic Prosperity Strategy: Improving Economic Opportunity for the Bay Area's Low- and Moderate-Wage Workers*, October 2014.

Figure 11. Summary of Employment Sectors by Size and Rate of Growth in Downtown Oakland, Opportunities for Middle-Wage Employment, and Relationship to Oakland's Target Industry Clusters

Employment Sector	Large Downtown Presence[1]	Fast Growing in Downtown[2]	Significant Middle-Wage Employment Opportunities[3]	Corresponding Target Industry Clusters[4]: Economic Development	Corresponding Target Industry Clusters[4]: Workforce Development
Accommodation, Food Services, Arts	X	X		Culture and Arts	Hospitality and Leisure
Administration, Support, Waste Management		X			
Construction			X		Construction
Educational Services		X	X		
Fire, Insurance, Real Estate	X				
Health Care and Social Assistance	X		X	Health and Wellness	Healthcare
Information		X		Tech[5]	Information Communications Technology[5]
Management of Companies and Enterprises					
Manufacturing				Manufacturing and Food Production Tech[5] Clean and Green[6]	Advanced Manufacturing Information Communications Technology[5]
Other Services					
Professional, Scientific, and Technical Services	X	X	X	Tech[5] Clean and Green[6]	Information Communications Technology[5]
Public Administration	X		X		Government
Retail				Retail	Retail
Transportation, Warehousing, Wholesale, Utilities				Transportation and Logistics Clean and Green[6]	Transportation and Logistics

[1] Five largest Downtown employment sectors.

[2] Five fastest growing Downtown employment sectors.

[3] Five sectors that account for the most middle-wage jobs (jobs earning $18-$30 an hour) in the Bay Area.

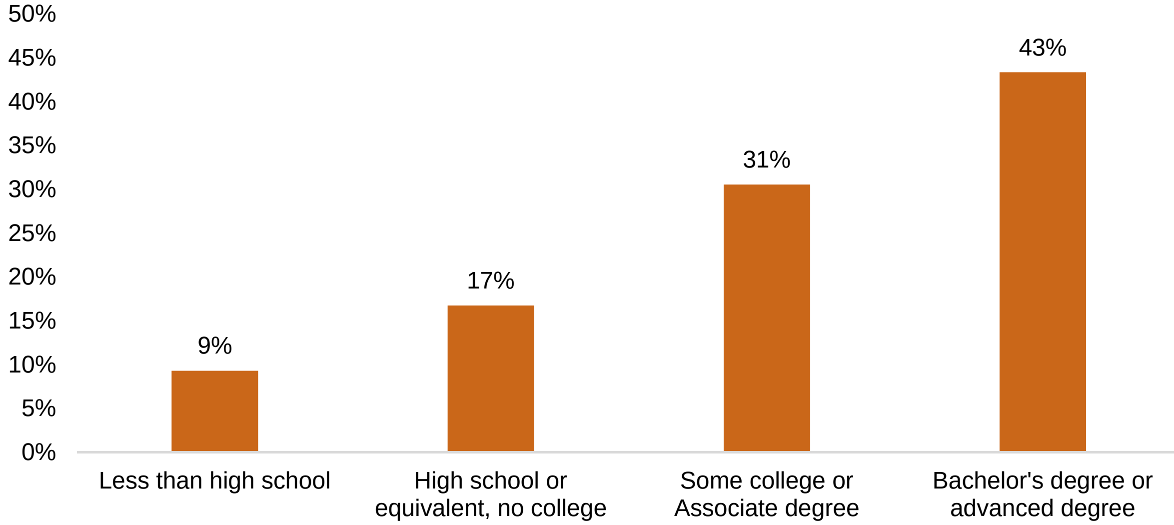
[4] As identified in Oakland's Draft Economic Development Strategy and the Workforce Development Strategic Plan.

[5] Downtown Oaklaland's tech industry cluster includes businesses in the professional, technical, and scientific services and information sectors, with little if any computer manufacturing located in the Downtown.

[6] The clean and green cluster includes businesses in multiple sectors, including in utilities, manufacturing, and professional, technical, and scientific services.

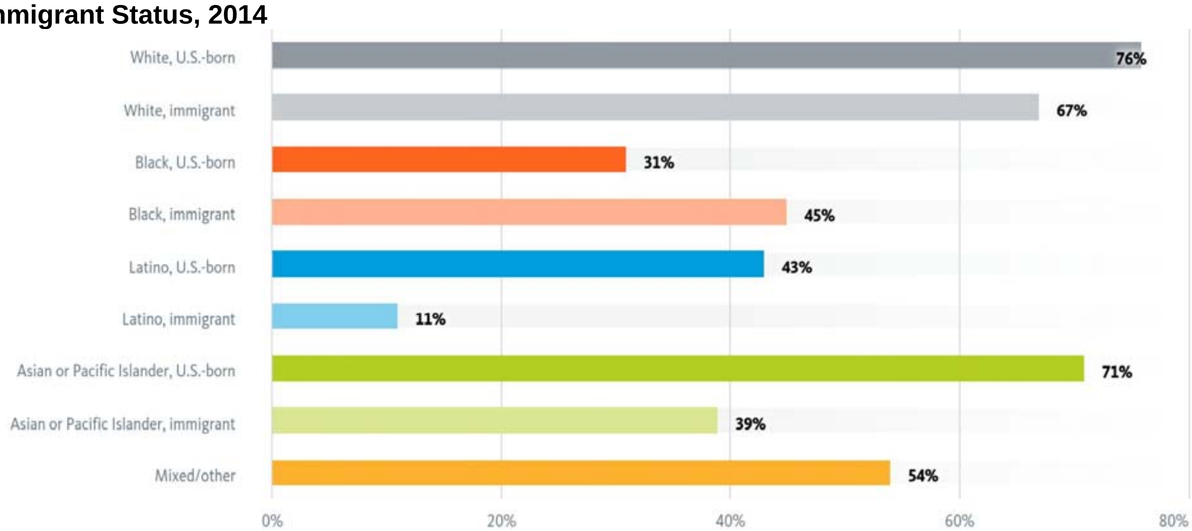
Sources: California Employment Development Department, 2017; SPUR, *Economic Prosperity Strategy: Improving Economic Opportunity for the Bay Area's Low- and Moderate-Wage Workers,* October 2014; City of Oakland, "Sharing Prosperity in Oakland: An Economic Development Strategy for 2017," Oakland Economic Development Plan Draft, April 2017; City of Oakland Workforce Development Board, "Workforce Development Strategic Plan: Program Years 2017-2020;" Strategic Economics, 2017.

Figure 12. Educational Attainment Requirements for Jobs in Greater Downtown Oakland



Based on education levels of Downtown workers (2014).
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, 2014; Strategic Economics, 2017.

Figure 13. Percent of Workers with an Associate Degree or Higher by Race, Ethnicity, and Immigrant Status, 2014



IPUMS; Georgetown University Center on Education and the Workforce
PolicyLink/PERE National Equity Atlas, www.nationalequityatlas.org

Overall, more than 70 percent of Downtown jobs require an Associate degree or higher level of education. Just over 30 percent of jobs require some college or an Associate degree, and another 43 percent require a Bachelor's degree or advanced degree (Figure 11). This reflects the education requirements of many jobs in professional services, finance and insurance, information, management, and other knowledge-based industries that are concentrated Downtown.

These educational requirements place most Downtown jobs out of reach of many Oakland residents, especially people of color. Approximately 25 percent of all Oakland residents aged 25 years and over have completed some college or an Associate degree, and about 40 percent have achieved a Bachelor's degree or higher. However, there are significant racial and ethnic disparities in educational attainment among Oakland residents. More than 70 percent of U.S. born, white and Asian residents have completed an Associate degree or higher, a much higher rate than for Oakland's black, Latino, or immigrant communities (Figure 12). Note that there are also disparities within these communities – for example, within the Asian/Pacific Islander group – that are not reflected in the available data and would require further, detailed Census analysis to disaggregate.

Despite these generally high educational requirements, several of Downtown's largest employment sectors – including professional services, public administration, and healthcare and social assistance – do offer significant middle-wage job opportunities. As identified in the *Economic Prosperity Strategy*, some of the occupations within these industries that offer the most middle-wage job opportunities and the lowest barriers to employment include:

- Office, administrative, and computer support: Office supervisors, administrative assistants, secretaries, bookkeepers, accounting clerks, computer support specialists.
- Sales: Customer service representatives, sales representatives, retail supervisors.
- Healthcare support: Medical secretaries, medical assistants and licensed, practical vocational nurses.

These jobs generally do not require a four-year degree. However, many require an Associate degree or technical training, technology and digital literacy, and skills such as customer service and communications, personnel management, systems analysis, problem solving, mathematics, and writing.

Most of the middle-wage job opportunities in these sectors are expected to come from turnover (replacement of existing workers who retire or change jobs) rather than from employment growth. Less than a quarter of job openings in the Bay Area in the coming decades are expected to be middle-wage, and more than half of those are expected to come from turnover rather than job growth.

The industry clusters that are generating the most new jobs in Downtown – tech and food services – offer very different opportunities and challenges for workers. As discussed in the previous section, the industry clusters that are growing fastest in Downtown Oakland are tech and food services. The opportunities and challenges that these industry clusters present for workers are discussed in more detail below.

Several sectors that offer significant middle wage job opportunities are more prevalent elsewhere in the city. These include construction, manufacturing, and transportation and warehousing. These sectors offer jobs in production, distribution, and repair (PDR). These sectors account for a small share of employment in Greater Downtown Oakland today. PDR space within Downtown is largely limited to the garage district (north of Uptown) and the Jack London district, and much of that space has already been converted to office or arts space.

Oakland and Alameda County offer a number of workforce development services, including some located in Downtown Oakland. The Oakland Workforce Development Board works closely with its partners – including the Oakland Unified School District, the Peralta Community College District, state agencies such as the California Department of Rehabilitation and Employment Development Department, and contract providers such as the Oakland Private Industry Council and Unity Council – to support career pathway development. Several important workforce development service providers, including Oakland's Comprehensive One-Stop Career Center, Laney College, and the Oakland Private Industry Council, are located in Downtown Oakland, where they benefit from a central location and excellent transit access.

Strengthening these services and creating linkages with industry is critical to expanding access to middle-wage employment opportunities. Research has shown that workforce development programs are most successful when they are developed in conjunction with industry.[16] There may be opportunities to coordinate with some of Downtown Oakland's employers to create opportunities for low income Oakland residents and people of color to access jobs in the Downtown.

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[16] See for example, the discussion in Ruth Graham, "The Retraining Paradox," The New York Times, February 23, 2017, https://www.nytimes.com/2017/02/23/magazine/retraining-jobs-unemployment.html.

Profiles of Downtown's Fastest Growing Industry Clusters

This section provides a deeper look at employment opportunities in the two industries that have experienced the fastest job growth in Downtown Oakland: tech and food services. In addition to driving job growth in Downtown, these industries are also some of the fastest growing in the Bay Area region. While the two industries are very different in terms of wages and required education and training levels, both struggle with diversity and inclusion.

Tech Cluster

Between 2011 and 2016, Greater Downtown added 2,000 new tech industry jobs – accounting for about 20 percent of all new jobs created in Greater Downtown during this time, and approximately two-thirds of all new jobs in the professional services and information sectors (Figure 13).[17] Although the tech cluster remains relatively small compared to the overall size of the Greater Downtown economy – accounting for just 3,500 out of 65,000 jobs as of the second quarter of 2016 – its expansion has been highly visible, fueling a debate about how to leverage the "local technology sector's growth so it leads to shared prosperity" (as articulated by Mayor Libby Shaaf).[18] Tech is also one of the fastest growing industries in the Bay Area, although its growth has slowed somewhat in recent quarters.[19] While concerns about tech's impact on the community are multi-faceted (including, for example, the potential impacts on residential and commercial real estate prices in Downtown and citywide), one important issue raised by the growth of Downtown's tech cluster is the potential for Oakland residents to access jobs in the industry.

The Tech Multiplier Effect

Tech is a "traded" or "driving" industry, meaning that it brings in income from outside the region and generates additional jobs in the local economy. In his book *The New Geography of Jobs*, U.C. Berkeley Professor Enrico Moretti finds that for each new high tech job created in a metropolitan area, five additional local jobs are created in the long-run. Two of these jobs are in the professional sectors (e.g., doctors and lawyers) but the other three benefit workers in nonprofessional sectors (e.g., wait staff and store clerks).

The tech industry offers high paying jobs; as shown in Figure 13, the average wage for a worker in the industry in Downtown was over $129,000 in 2016. The most common occupations in the industry cluster include software developers, computer and information systems managers, computer systems analysts, sales representatives, computer programmers, market research analysis and marketing specialists, computer user support specialists, customer service representatives, business operations specialists, and general and operations managers. In keeping with this diverse range of occupations, the Oakland Workforce Development Board and its partners have identified potential career ladders in animation and game design, digital imaging, graphic design, communications, mobile and web design, video arts, business and

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[17] Note that previous reports have defined the tech cluster to include different industries. For example, the 2015 report "Oakland Technology Trends," prepared by Beacon Economics for the Oakland Metropolitan Chamber of Commerce, estimated that the city's tech establishments employed over 5,600 workers during 2014. However, the report used a much broader definition that included graphic design services, electronic markets and shopping/mail-order houses, and physical and biological research.

[18] Patrick Sisson, "Building a Better Tech Boom," *Curbed*, June 29, 2016, http://www.curbed.com/2016/6/29/12010210/oakland-uber-tech-diversity.

[19] George Avalos, "Bay Area: Tech Job Growth Has Rapidly Decelerated," *The Mercury News*, February 10, 2017, http://www.mercurynews.com/2017/02/10/tech-job-growth-slows-in-bay-area/.

entrepreneurship, and office administration and support.[20] While many occupations in the industry require a Bachelor's or advanced degree, there are opportunities for workers with some college, an Associate degree, or post-secondary certificate (Figure 14). Note that whereas advanced manufacturing is an important component of the tech cluster in some part of the region, there is little to no tech manufacturing employment located in Greater Downtown – reflecting the prevailing office-based land uses and limited availability of modern manufacturing space in the Downtown.

Tech and Diversity

A 2014 study of tech workers in the San Francisco-Oakland-Fremont area found that 55 percent were white and approximately one-third were Asian or Asian/American, while African Americans and Latinos comprised just 3.3 and 6.6 percent of the workforce, respectively. Women accounted for just over one-third of tech workers.

However, many studies have shown that the tech industry's workforce does not reflect the diversity of the general population, or of the professional occupations overall. For example, a 2014 study found that in the San Francisco-Oakland-Fremont area, over half of high tech employees were white (55 percent) and approximately one-third were Asian or Asian/American, while African Americans and Latinos comprised just 3.3 and 6.6 percent of the workforce, respectively. Women accounted for just over one-third of tech workers.[21] Although one report found that Oakland residents who work in tech are slightly more diverse in terms of race, ethnicity, and gender compared to San Francisco or San Jose,[22] the industry falls far short of representing the city's diversity. Studies have identified barriers for women, blacks, and Latinos throughout the career pipeline, beginning in computing education in K-12 and higher education, and continuing through recruitment, promotions, workplace culture, and access to venture capital.[23]

Downtown Oakland has become known as a hub for organizations and convenings that are dedicated to improving diversity and inclusion in ownership, hiring, and training in the tech industry. For example, organizations in or near Greater Downtown that are focused on improving K-12 tech education and youth access to digital media and the arts include United Roots, Gameheads, The Hidden Genius Project, Black Girls Code, #YesWeCode, and Hack the Hood (located just east of Downtown). The Kapor Center for Social Impact, the Level Playing Field Institute, and TechEquity Collaborative provide advocacy and research to support increased participation of women and underrepresented people of color in the tech industry, while Kapor Capital invests in seed stage tech companies focused on closing gaps in access, opportunity or outcome for low income communities and/or communities of color. In early 2017, the City of Oakland launched a partnership with the Kapor Center and Devlabs, called the Oakland Startup Network, to support and increase the number of tech entrepreneurs who are women and people of color. The City is

[20] City of Oakland Workforce Development Board, "Workforce Development Strategic Plan: DRAFT 2017-2020 Local Plan," February 2, 2017; Peralta Community College District, Career Technical Education, "Digital Media & Communications," http://web.peralta.edu/cte/career/digital-media-communications/.
[21] U.S. Equal Employment Opportunity Commission, "Diversity in High Tech," 2014, https://www.eeoc.gov/eeoc/statistics/reports/hightech/.
[22] Beacon Economics, "2015 Oakland Technology Trends," prepared for the Oakland Metropolitan Chamber of Commerce.
[23] For example, see Catherine Ashcraft, Brad McLain, and Elizabeth Eger, "Women in Tech: The Facts" (National Center for Women & Information Technology, 2016), https://www.ncwit.org/sites/default/files/resources/womenintech_facts_fullreport_05132016.pdf; Kapor Center for Social Impact and Alliance for California Computing Education for Students and School, "Computer Science in California's Schools: 216 AP CS Results and Implications," March 14, 2017, http://www.lpfi.org/computer-science-in-californias-public-schools-2016-ap-cs-results-and-implications/; Allison Scott, Freada Kapor Klein, and Uriridiakoghene Onovakpuri, "Tech Leavers Study" (Kapor Center for Social Impact, April 27, 2017), http://www.kaporcenter.org/wp-content/uploads/2017/04/KAPOR_Tech-Leavers-Final.pdf.

also supporting a public-private partnership called the Tech Training Pathways Partnership that aims to catalyze the training, placement, and advancement of 1,000 diverse residents from non-traditional backgrounds across sustainable tech career pathways by 2020. A number of Oakland startups have increased their efforts around inclusion and reducing bias in hiring in response to these and other efforts.

These organizations and activities are largely (though not exclusively) concentrated in the Uptown area, including in the new Kapor Center at 2138 Broadway (home to the Kapor Center for Social Impact, Kapor Capital, and the Level Playing Field) and the Impact Hub at 2323 Broadway. Elsewhere in the Downtown, Laney College offers degrees in computer science, graphic design, and media communications, among other fields related to digital media and technology. Meanwhile, OUSD has increased programming in Science Technology Engineering and Math (STEM) education systemwide, using donations from Salesforce and Intel. OUSD has seen a 4000% increase in students enrolled in computer science, and is one of the most successful school districts in the country at integrating computer science into its curriculum.

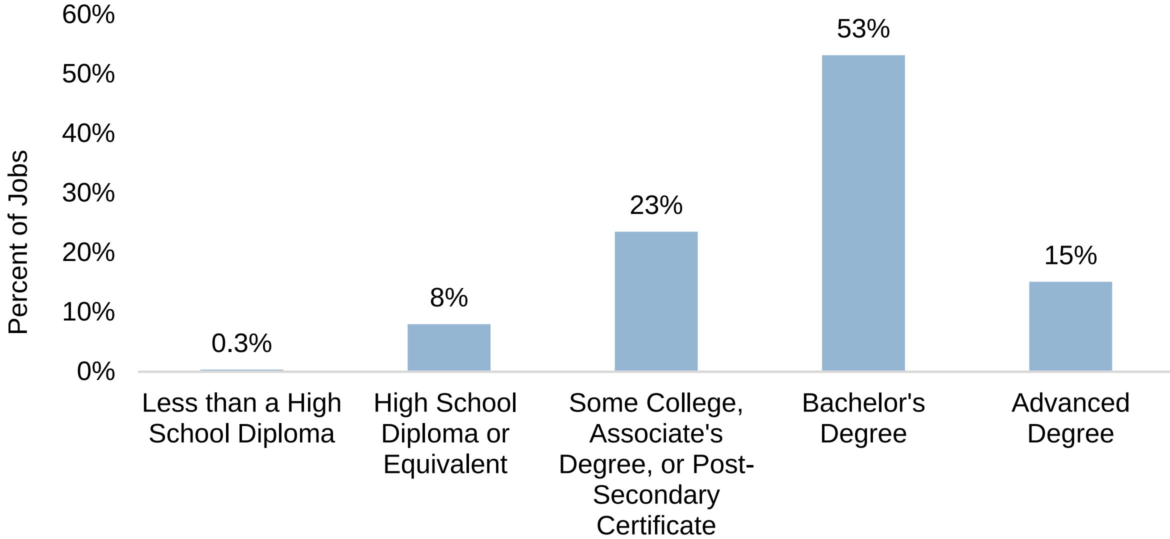
Figure 14. Employment and Average Wages in the Technology Industry Cluster

	Greater Downtown	City of Oakland	Greater Downtown as % of City
Tech Employment			
2016	3,457	4,103	84%
2011	1,418	1,946	73%
Change, 2011-2016	2,039	2,157	95%
Percent Change, 2011-2016	144%	111%	
Average Wages, 2016	$129,152	$122,581	

Includes the following industries (as defined using North American Industry Classification System, or NAICS, codes): Other Information Services (5191), Computer Systems Design and Related Services (5415), Software Publishers (5112), and Data Processing, Hosting, and Related Services (5182).

Source: California Employment Development Department, 2017; Strategic Economics, 2017.

Figure 15. Required Level of Education for Jobs in Downtown Oakland's Tech Cluster



Modeled based on state- and national-level data on the occupations and associated education levels required for jobs in the industries that comprise Downtown Oakland's tech cluster.
Sources: California Employment Development Department; O*NET® 21.2 Database; Strategic Economics, 2017.

Food Services

Growth in the number of restaurants and bars has been instrumental in the transformation of Downtown Oakland into a fine dining, nightlife, and entertainment destination. The food services cluster – which mainly includes restaurants and bars, as well as a small number of jobs in catering, mobile food vending, and other services – employed 4,350 workers, or about 7 percent of total Greater Downtown employment, as of 2016. Between 2011 and 2016, Greater Downtown added almost 1,500 new jobs in food services, an increase of more than 50 percent (Figure 15). This represented a far faster growth rate than in the county overall, which saw a 20 percent increase in food services employment during this time period.

The food services industry offers relatively low-paying jobs. Most are hourly and do not offer benefits. In Greater Downtown, the average annual wage for a worker in the food services cluster was approximately $25,500 in 2016 (Figure 15). This is consistent with the prevalence of lower wages in the food services across the region: 20 percent of Bay Area restaurant workers reported earning wages less than a living wage in 2016.[24] However, workers employed in the food services in Downtown tend to earn higher wages than workers employed in the same industry elsewhere in the city (Figure 15). These higher wages may be explained by the fact that a number of higher-end dining establishments – which typically offer higher wages[25] – have opened in Greater Downtown in the last few years.

The food services industry mainly offers jobs in food preparation, waiting, and bartending. Barriers to entry are low: about half of the jobs in the cluster do not require a high school diploma (Figure 16) and more than 40 percent do not require any previous related work experience (Figure 17). Most training is provided on the job. However, there are opportunities for workers with training and/or experience to move into higher paying jobs within the industry – for example, by receiving training in the culinary arts, or going from waiting tables to managing a restaurant. In addition, workers with more experience may be able to find higher-paying jobs in fine dining establishments.

Across the food services industry, however, women and people of color tend to earn lower wages compared to their male and white counterparts. For example, according to the 2016 Restaurant Opportunities Centers United survey, women's median hourly wage in fine dining establishments in the Bay Area was $3.34 lower than men's. Workers of color received a median hourly wage of $16.32, while white workers received $22.44, corresponding to a wage gap of $6.12. This pattern is partly related to occupational segregation: male and white workers typically occupy positions in an establishment that are associated with higher salaries. For example, workers of color are underrepresented in front-of-house occupations such as servers and bartenders, which receive higher wages than back-of-house occupations. Restaurants are also often cited for poor workplace conditions and wage violations. [26]

Throughout the Bay Area, the food services industry is experiencing a labor shortage. The industry's challenges in attracting and retaining workers is linked to the low wages offered by a business model with thin margins, and by the escalation of the cost of living in the region. However, some businesses have

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[24] Below the wage required for a full-time, full-year worker to support a family of three as defined by the Department of Labor's Lower Living Standard Income Level. Source: Restaurant Opportunities Center United. "Behind the Kitchen Door: The Promise of Opportunity in the San Francisco and Oakland Bay Area Restaurant Industry," June 2016. http://rocunited.org/wp-content/uploads/2016/06/BKD_BayArea_Report_LR.pdf.

[25] The median hourly wage in fine dining restaurants in 2016 was $19.66 for men and $16.32 for women, compared to $15.76 for men and $14.55 for women in all restaurants. Source: Restaurant Opportunities Centers United, June 2016.

[26] For example, the 2016 Restaurant Opportunities Centers United survey found that 73 percent of restaurant workers did not receive a raise in the last year, and 14 percent of tipped workers reported that management took a share of their tips.

succeeded in attracting and retaining their workers by prioritizing applications from within the community, at all experience levels, and focusing on the most disenfranchised workers. Oakland and the East Bay in particular have an ecosystem of businesses successfully operating with these standards. For example, the Bay Area chapter of the Restaurant Opportunities Centers United (located in Oakland's Chinatown) provides training programs to help workers obtain living wage jobs (with a success rate of over 60 percent), and conducts advocacy and policy research.[27] In the Jack London District, the Home of Chicken and Waffles has hired workers with felony convictions for many years; these workers now make up 70 percent of the restaurant's staff.[28] This restaurants, and others in the East Bay, have found that hiring workers with felony convictions has provided them with motivated workers who tend to stay, and allows them to claim a tax credit through the state's New Employment Credit program.[29] Focusing on youth employment has also proven successful. Examples of Oakland nonprofits that focus on providing training and work opportunities for youth in the culinary arts include The Town Kitchen (located at the Port) and Youth Uprising (in East Oakland).

Business ownership is another important component of building wealth and addressing inequities. Downtown Oakland is home to many restaurants that are owned by people of color. For example, black-owned restaurants in Downtown include Picán and Kingston 11 in Uptown, Miss Ollie's in Old Oakland, and Souley Vegan near Jack London Square.

Figure 16. Employment and Average Wages in the Food Industry Cluster

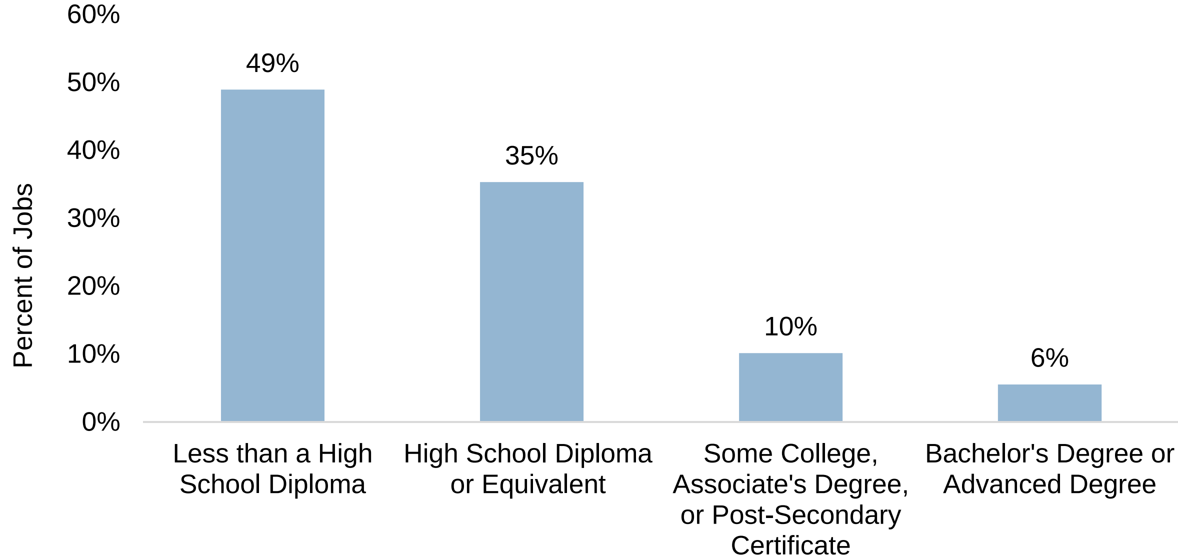
	Greater Downtown	City of Oakland	Greater Downtown as % of City
Food Services Employment			
2016	4,351	14,131	31%
2011	2,886	9,680	30%
Change, 2011-2016	1,465	4,451	33%
Percent Change, 2011-2016	51%	46%	
Average Wages, 2016	$25,491	$23,909	

Includes the following industries (as defined by North American Industry Classification System, or NAICS, codes): Special Food Services (7223), Drinking Places (Alcoholic Beverages) (7224); Restaurants and Other Eating Places (7225)

Source: California Employment Development Department, 2017; Strategic Economics, 2017.

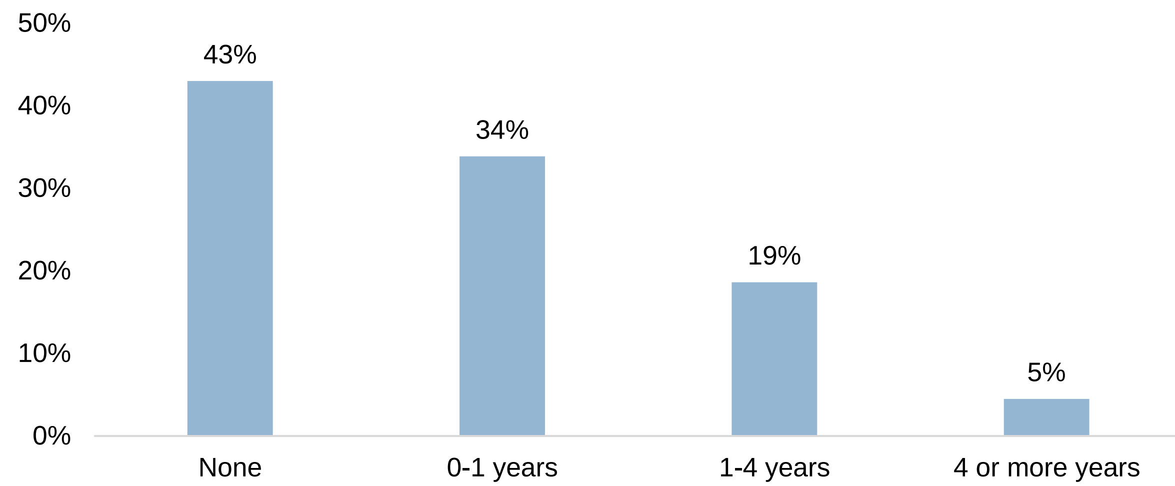
[27] Restaurants Opportunities Centers United, Bay Area, http://rocunited.org/staff-and-locals/bay-area/.
[28] Jessica Park. "Growth And Change Are On The Menu At 'Home Of Chicken And Waffles,'" *Hoodline*, April 4, 2017. http://hoodline.com/2017/04/growth-and-change-are-on-the-menu-at-home-of-chicken-and-waffles.
[29] Sam Levin, "East Bay Businesses That Give Applicants a Fair Chance," *East Bay Express*, June 10, 2015. http://www.eastbayexpress.com/oakland/east-bay-businesses-that-give-applicants-a-fair-chance/Content?oid=4330428.

Figure 17. Required Level of Education for Jobs in Downtown Oakland's Food Services Cluster



Modeled based on state- and national-level data on the occupations and associated education levels required for jobs in the industries that comprise Downtown Oakland's food services industry.
Sources: California Employment Development Department; O*NET® 21.2 Database; Strategic Economics, 2017.

Figure 18. Required Level of Related Work Experience for Jobs in Downtown Oakland's Food Services Cluster



Modeled based on state- and national-level data on the occupations and associated education levels required for jobs in the industries that comprise Downtown Oakland's food services industry.
Sources: California Employment Development Department; O*NET® 21.2 Database; Strategic Economics, 2017.

IV. CONCLUSION: IMPLICATIONS FOR THE PLAN

As discussed throughout this report, Downtown Oakland plays a critical role in the city and regional economy, as well as supporting the municipal budget and the City's ability to provide services for residents. The DOSP represents an opportunity for the City to develop a strategic approach to supporting continued growth, maintaining Downtown's artistic and cultural identity, and ensuring that Downtown continues to offer employment opportunities, affordable housing, and services for Oakland residents. This section presents preliminary goals and strategies related to economic and workforce development that could be included in the Plan, based on the findings discussed throughout this report, as well as the review of previous studies and existing plans.[30] The goals and strategies discussed below – as well as the other findings in this report – are intended as a starting point for further discussion.

- **Goal: Maintain and grow Downtown Oakland as a regional employment center.** Greater Downtown Oakland is the largest employment center in Oakland and the East Bay, accounting for one third of all of jobs in Oakland in 2016, and more than 40 percent of all new jobs created in the City between 2011 and 2016. Downtown's specialization is office-based jobs, including employment concentrations the public administration (government), nonprofit, professional and scientific services, and finance and insurance sectors. Potential strategies for maintaining and growing Downtown Oakland's employment base include:
    - Consider preserving prime office development sites (such as along the Broadway corridor and near BART stations) for office uses.
    - Encourage small-scale office development.
    - Continue to encourage the rehabilitation and conversion of older, underutilized buildings into office space. (Note: there may be a tension between expanding office space in older buildings, and maintaining affordable space for the arts and production, distribution, and repair uses. The planning process should consider where and when conversion is appropriate given these considerations.)
    - Explore opportunities to maintain and expand affordable office space for nonprofits, for example through sharing office space, policy changes, and philanthropic subsidy.
    - Implement strategies from the Draft citywide Economic Development Strategy aimed at reducing the cost of doing business in Oakland and promoting small businesses and businesses owned by people of color. Strategies that are particularly applicable to Downtown include conducting targeted demographic and geographic outreach for business development services (in this case, focused on Greater Downtown); repositioning the one-stop Business Assistance Center to better assist startups and address small business retention and expansion; identifying resources to assist entrepreneurs from underrepresented groups with access to capital, training, and business assistance; replicating the Oakland Startup Network (focused on diversity and inclusion in tech) for other industries; and supporting the City's diverse retail cluster.
- **Goal: Link Oakland residents with job opportunities in Greater Downtown Oakland.** Downtown offers a range of occupations, including many middle-wage job opportunities in information technology, professional services, and government that offer pathways to increased responsibility and higher wages. Potential strategies the City can take to link Oakland residents to Downtown jobs include:

[30] In particular, the goals and strategies below draw from SPUR's *A Downtown for Everyone* report and the Draft Oakland Economic Development Strategy.

- Convene Downtown's major public and private sector employers, industry representatives (such as the Oakland Metropolitan Chamber of Commerce), and workforce development service providers (such as the community colleges, Oakland Unified School District, and non-profit training providers) to ensure that workforce programs are providing workers with the skills they need to succeed, create work-based learning opportunities, and enable Downtown employers to easily find and hire interns and employees based in Oakland.
- Support initiatives for increasing the diversity and inclusion of the tech industry cluster, including programs aimed at expanding access to jobs in tech for Oakland youth and addressing bias in hiring.
- Work with Downtown's anchor institutions and large employers to establish procurement policies that prioritize vendors that are owned by Oakland residents and/or people of color.

- **Goal: Preserve and enhance Downtown's role as a civic, arts and cultural center.** Downtown Oakland serves as a community gathering space and cultural and civic center. Because of the Downtown's central location and transit access, people across Oakland and throughout the region can easily access the many social service providers located Downtown. The cultural arts and community gatherings help shape Oakland's identity, create cohesion among the community's diverse cultural groups, generate entrepreneurship and employment in the creative industries, and reinforce Oakland's appeal as a destination for visitors. Maintaining affordable space for services and the arts is critically important. Potential strategies include:
  - Consider designating specific arts and cultural districts (e.g., the Arts and Garage District, the Black Arts Movement and Business District) and implementing zoning restrictions to protect existing arts space in those districts.
  - Expand on the Keeping Space Oakland program to assist non-profit organizations with finding affordable, long-term space in Oakland.
  - Increase current efforts of the City Business Development Team and non-profit service providers to provide information about resources and technical assistance, including support for relocation if necessary, for small businesses and non-profits that are in danger of having to relocate.
  - Leverage new development to provide affordable space for arts, production/distribution/repair (PDR), and community services/non-profits. Strategic Economics provided additional analysis of specific tools for leveraging new development for these uses in a separate memo.[31]
  - Implement strategies in the Draft citywide Economic Development Strategy related to supporting the cultural arts, including investing in public arts, creating a Cultural Arts Plan, considering reconstituting Oakland's Cultural Arts Commission, increasing awareness of and access to the City's Cultural Funding Program, and establishing partnerships with foundations and community development organizations to acquire, lease, and maintain affordable arts spaces.
- **Goal: Support Downtown as a center for dining and entertainment and as a visitor destination, while balancing other uses and policy goals.** Greater Downtown has become a local and regional destination for dining, nightlife, and entertainment businesses. Greater Downtown is also attracting an increasing number of overnight visitors, benefiting both the growing employment base and increasing tourism. This activity benefits the City's General Purpose Fund through increased sales and hotel tax revenues, while also supporting the cultural arts. Potential strategies include:

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[31] Strategic Economics, "Development-Based Tools to Preserve and Expand Arts and PDR Workspaces," August 31, 2017.

- Implement strategies in the Draft Economic Development Strategy related to marketing and promotions, including collaborating with Visit Oakland to market hotels, the convention center, dining and entertainment, retail, neighborhood attractions, and arts and culture.
- Expand marketing and promotion efforts for the Downtown's arts and cultural districts and festivals.
- Partner with restaurants, advocacy organizations, and other stakeholders to spread "high road" labor practices (e.g., hiring and promotion of people of color, fair wages, paid sick days, and other benefits) in the accommodation and food services industries.
- Connect independent retailers and other small businesses with existing business assistance resources, and identify resources to assist small businesses at risk of displacement.
- Facilitate new hotel development.

- **Goal: Preserve and enhance access to affordable, neighborhood-serving goods and services.** Affordable housing and displacement will be addressed in more detail in a separate Affordable Housing Strategy. Potential strategies include:
    - Identify areas that are lacking in services that are desired by community members, such as grocery stores and health clinics.
    - Work with convenience store owners to expand offerings to include fresh produce.
    - Encourage developers to seek partnerships with grocery store operators and build space to meet their needs.