

May 15, 2024

| | |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Location: | Citywide |
| Proposal: | Present an informational report to the Planning Commission describing the progress the City made in 2023 to implement and update Oakland's current General Plan, implement the policies adopted in the City's 2023-2031 Housing Element, and meet the City's share of the Regional Housing Needs Allocation (RHNA). |
| Applicant: | City of Oakland, Bureau of Planning |
| Contact Person/ Phone Number: | Timothy Green: (510) 238-6436 |
| Case File Number: | N/A |
| General Plan: | Citywide |
| Zoning: | Citywide |
| Proposed Environmental Determination: | Not a project under the California Environmental Quality Act. |
| Historic Status: | N/A |
| City Council District: | All Council districts. |
| Staff Recommendation: | Staff recommend that the Planning Commission receive an informational report on the City of Oakland's General Plan and Housing Element Annual Progress Reports for calendar year 2023. |
| Finality of Decision: | Request for Planning Commission and public comment; forward to City Council. |
| For Further Information: | Timothy Green: (510) 238-6436; email: TGreen@oaklandca.gov . |

CITY OF OAKLAND PLANNING COMMISSION

SUMMARY

Pursuant to Section 65400 and 65700 of the California Government Code, the City of Oakland (City) has prepared Annual Progress Reports (APRs) for calendar year 2023 on implementation of the overall General Plan and on the housing-related programs and policies contained in the 2023-2031 Oakland General Plan Housing Element. This is the first year of reporting on the 2023-2031 Housing Element, which was adopted by the City Council via [Resolution No. 89565 C.M.S.](#) on January 31, 2023. The Oakland Housing Element was found by the California Department of Housing and Community Development (State HCD) to be in [full compliance](#) with the State Housing Element Law (Article 10.6 of the Gov. Code) on February 17, 2023.

This informational report highlights accomplishments reached in 2023 toward implementing and updating the City's General Plan, meeting housing-production-and-preservation goals, and implementing City programs and policies adopted in the 2023-2031 Oakland Housing Element.

The complete 2023 Oakland General Plan and Housing Element APRs can be found on the City's webpage: <https://www.oaklandca.gov/documents/housing-element-annual-progress-reports>.

(Note: The 2023 Housing Element APR contains very large tables that are not suitable for printing and are best viewed electronically. The pertinent content of these tables is stated in this report and attachments.)

BACKGROUND

California Government Code Section 65400 and 65700 require that the City prepare and submit annual reports – known as the General Plan APR and Housing Element APR – to the California Office of Planning and Research (State OPR) and to the California Department of Housing and Community Development (State HCD) by April 1 of each year, using forms and definitions adopted by State HCD. The General Plan annual report must describe progress toward implementing and updating the General Plan each year. The Housing Element Annual Progress Report must describe progress made by the City to implement policies adopted in the Housing Element and to meet the City's share of Regional Housing Needs Allocation (RHNA).

Oakland's 2023 General Plan APR, submitted to the State OPR on March 29, 2024, reflects progress toward implementing Oakland's current General Plan. During the 2023 reporting year, the City Council adopted Phase 1 of the 2045 Oakland General Plan Update, which included: (1) updating the 2023-2031 Housing Element via [Resolution No. 89565 C.M.S.](#) on January 31, 2023; and (2) updating the Safety Element and creating a new Environmental Justice Element via [Resolution No. 89907 C.M.S.](#) on September 26, 2023.

Oakland's 2023 Housing Element APR, submitted to the State OPR and State HCD on March 30, 2024, reflects the first year of reporting on progress to meet the production targets and policies within the 2023-2031 Oakland Housing Element. Notably, the Housing Element APR quantifies the number of net new housing units deemed complete, approved, permitted, or completed—by household affordability level—during the reporting year (January 1, 2023 to December 31, 2023).

In accordance with Action 5.2.11 of the adopted 2023-2031 Housing Element, staff is bringing this informational report for discussion before the City Council.

PROJECT DESCRIPTION

As previously mentioned, the 2023 General Plan APR highlights accomplishments reached in 2023 in terms of implementing Oakland's current General Plan and completing Phase 1 of the 2045 General Plan Update. The 2023 Housing Element APR highlights accomplishments reached in 2023, both in terms of housing production and preservation, as well as progress in implementing City programs and policies adopted in the 2023-2031 Oakland Housing Element. As such, the 2023 APRs advance the following Citywide priorities¹:

Housing Security and Homelessness Solutions: The newly adopted 2023-2031 Housing Element comprehensively addresses this priority by creating: (1) a Housing Sites Inventory that identifies land suitable and available for residential development to meet the City's Regional Housing Needs Allocation (RHNA) by income level, and (2) a Housing Action Plan that identifies strategies and measurable outcomes to address the housing crisis and needs of Oaklanders and to affirmatively further fair housing. Additionally, the newly adopted Environmental Justice Element address this priority through goal EJ-4: Coordinate resources to improve housing quality and habitability.

Community Safety, Prevention, and Healing: The newly adopted Safety Element addresses this priority through goal SAF-7: Foster feelings of safety in all Oakland neighborhoods, which includes policies related to reimagining public safety, Crime Prevention Through Environmental Design, and prioritizing mental health in emergency planning.

Clean, Healthy, Sustainable Neighborhoods: The City's newly adopted Environmental Justice Element and Safety Element Update address this priority through various goals, including:

- EJ-3: Prevent, reduce, and clean up illegal dumping.
- EJ-6: Support a network of well-maintained community facilities that are easily accessible, culturally supportive, and responsive to community needs.
- EJ-7: Create environments that support physical activity, recreation, and healthy lifestyles through safe, comfortable, and ADA-compliant walkable, bikeable neighborhoods, with access to transit, green space, trees, paths, and parks.
- SAF-2: Proactively prevent urban fires and exposure to wildfire and protect community members and property from fire danger.
- SAF-8: Maintain an emergency preparedness and response network that keeps all Oaklanders informed, connected, and safe before, during, and after an emergency.

The analysis in this report addresses the (1) 2023 General Plan Annual Progress Report; and (2) 2023 Housing Element Annual Progress Report.

¹ FY 2023-25 Budget Priorities: https://stories.opengov.com/oaklandca/published/zNUGW_vwMd

I. 2023 GENERAL PLAN ANNUAL PROGRESS REPORT

The 2023 General Plan APR addresses the following topics: (1) Date of the Last Update to the General Plan; (2) Measures Associated with Implementation of the General Plan; (3) Compliance with OPR’s General Plan Guidelines; (4) Updating Goals, Policies, Objectives, Standards, or Other Plan Proposals; and (5) Implementation of the General Plan.

Date of the Last Update to the General Plan

California Government Code section 65302 mandates that all General Plans address specific topics. **Table 1** summarizes the eight (8) required General Plan Elements and two (2) optional topics with the date that they were last updated.

Table 1: General Plan Elements

| General Plan Element | Required Content | Last Updated |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <i>Phase I of the General Plan Update included updates of the Housing and Safety Elements of the General Plan and creation of the City’s first Environmental Justice Element</i> | | |
| Housing (Required) | The Housing Element implements the declaration of State law that the availability of housing is a matter of vital statewide importance. It is more specific and directive than other elements, with detailed guidance and reviews. The State HCD must review and certify the Housing Element, while jurisdictions submit annual progress reports. In Oakland (and most major cities), the Housing Element must be revised and submitted to State HCD for review on an eight-year cycle. | January 31, 2023 |
| Safety (Required) | The Safety Element is intended to reduce potential short and long-term risks of death, injuries, property damage, and economic dislocation resulting from fires, floods, droughts, earthquakes, landslides, climate change; as well as local hazards. | September 26, 2023 |
| Environmental Justice (Required) | <p>Senate Bill 1000, passed in 2016, requires that cities and towns with disadvantaged communities adopt environmental justice policies or an Environmental Justice Element. These must include objectives and policies to reduce health risks in disadvantaged communities, promote civic engagement in the public decision-making process, and prioritize programs that address the needs of disadvantaged communities.</p> <p>Under SB 1000, Oakland is required to adopt an Environmental Justice Element, either standalone or interwoven with other Elements, concurrent with updates to the Housing and Safety Elements.</p> | September 26, 2023 |

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Phase II of the General Plan Update includes the update of the City’s Land Use and Transportation Element (LUTE); Open Space, Conservation, and Recreation Element (OSCAR); Noise Element; and development of a new Infrastructure and Facilities Element.</i></p> | | |
| <p>Land Use (Required)</p> | <p>The Land Use Element establishes the community’s vision for growth via equitable and accessible distribution of different land uses, including residential, commercial, industrial, agricultural, and open space.</p> <p>In Oakland, the Land Use Element for areas outside of the Oakland waterfront is currently contained in the Land Use and Transportation Element (LUTE), adopted in 1998.</p> <p>The Estuary Policy Plan (EPP) establishes the Land Use Element for lands between Interstate 880 and the Oakland waterfront. The EPP was adopted as part of the General Plan in 1999.</p> | <p>LUTE – 1998</p> <p>EPP – 1999</p> <p>LUTE and EPP will be updated during Phase 2 of the General Plan Update.</p> |
| <p>Circulation (Required)</p> | <p>The Circulation Element addresses the community’s infrastructure needs for the circulation of people, goods, energy, water, sewage, storm drainage, and communications. By statute, the Circulation Element must correlate directly with the Land Use Element.</p> <p>In Oakland, the Circulation Element for areas outside of the Oakland waterfront is currently contained in the Land Use and Transportation Element (LUTE), adopted in 1998 (Oakland refers to “Circulation” as “Transportation”).</p> <p>The 1999 EPP establishes the current Circulation Element for areas between Interstate 880 and the Oakland waterfront.</p> <p>The 2017 Pedestrian Plan is an adopted part of the City’s Circulation Elements, and sets goals, outlines related policies and programs, and establishes a prioritization strategy to implement recommendations that will improve the pedestrian environment.</p> <p>The 2019 Bike Plan is also an adopted part of the City’s Circulation Elements and outlines major improvements to Oakland’s bicycle network and introduces brand new cycling programming.</p> | <p>LUTE – 1998</p> <p>EPP – 1999</p> <p>LUTE and EPP will be updated during Phase 2 of the General Plan Update.</p> <p>The Pedestrian Plan was updated in 2017.</p> <p>The Bike Plan was comprehensively updated in 2019.</p> |
| <p>Open Space (Required)</p> | <p>The Open Space Element identifies the community’s valuable undeveloped areas and creates a long-term plan to preserve them.</p> | <p>1996</p> <p>The OSCAR Element will be updated</p> |

| | | |
|----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| | In Oakland, the Open Space Element is currently contained in the City’s Open Space, Conservation and Recreation (OSCAR) Element, adopted in 1996. | during Phase 2 of the General Plan Update, which begins summer 2024 |
| Conservation (Required) | The Conservation Element establishes the community’s goals and policies for the retention, enhancement, and development of natural resources. It is to be coordinated with the Land Use and Open Space Elements. In Oakland, the current Conservation Element is contained in the City’s OSCAR Element, adopted in 1996. | 1996 The OSCAR Element will be updated during Phase 2 of the General Plan Update, which begins summer 2024 |
| Noise (Required) | The Noise Element describes the community’s local noise environment and analyzes current and projected noise levels. It outlines policies and implementation measures to address existing and foreseeable noise problems. In Oakland, the current Noise Element was adopted as part of the General Plan in 2005. | 2005 Noise Element will be updated during Phase 2 of the General Plan Update, which begins summer 2024. |
| <i>In 2023, the following optional Elements of Oakland’s General Plan did not have a timeline for updates:</i> | | |
| Historic Preservation (Optional) | The Historic Preservation Element provides policies and actions to encourage the preservation of older buildings, districts, and other physical features of historic value. | 1994 |
| Scenic Highways (Optional) | The Scenic Highways Element establishes policies to preserve and enhance designated roadways traversing the City. It was previously a required element under State law, but that requirement was rescinded in 1984. | 1974 |

Measures Associated with Implementation of the General Plan

In 2023, the City continued working on major long-range planning initiatives to implement the Oakland General Plan. While not exhaustive, the list below offers a highlight of major implementation milestones, organized by General Plan Element. While many of these efforts implement multiple General Plan Elements, they have been placed under a single heading.

- Land Use and Transportation Element (LUTE):
 - [Equitable Climate Action Plan](#) (adopted July 2020)
 - [Coliseum Area Specific Plan](#) (adopted April 2015)
 - [Broadway Valdez District Specific Plan](#) (adopted June 2014)
 - [West Oakland Specific Plan](#) (adopted June 2014)
 - [Lake Merritt Station Area Plan](#) (adopted December 2014)
 - [Central Estuary Area Plan](#) (adopted April 2013)
- Safety Element:
 - [Vegetation Management Plan](#) (ongoing in 2023)
 - [Local Hazard Mitigation Plan](#) (adopted June 2021)
- Open Space, Conservation, and Recreation (OSCAR) Element:
 - [Urban Forest Master Plan](#) (ongoing in 2023)

General Plan Compliance with OPR's General Plan Guidelines

Oakland's General Plan complies with OPR's General Plan Guidelines, including environmental justice considerations, collaborative planning with military lands and facilities, and consultation with Native American tribes.

In 2023, the City continued the 2045 General Plan Update (GPU), which is being undertaken in two phases. Phase 1 includes updates to the Housing Element and Safety Element, the creation of a new Environmental Justice Element, an Industrial Lands Study, an Environmental Impact Report (EIR), and updates to the zoning code and General Plan and zoning map. The City engaged with Native American tribes in identifying ways to mitigate potential impacts to tribal cultural places. In addition, each element is supported by a Racial Equity Impact Analysis (REIA) that analyzes the goals, policies, and actions proposed in the Element to ensure they prioritize historically marginalized communities and maximize equitable outcomes. GPU Phase 1 was completed in Fall 2023.

In conjunction with the 2045 GPU, the City created a [Map Atlas](#) to facilitate community input on planning issues, priorities and vision for the future by providing baseline spatial data on existing conditions and mappable, resources, trends, and critical concerns that will frame choices for the long-term physical development of Oakland. In addition, the [Environmental Justice and Racial Equity Baseline](#) was developed as another tool to identify and delineate disparities by race and geography, which may be present in the social, economic and environmental factors that can be influenced directly or indirectly by the General Plan.

Goals, Policies, Objectives, Standards, or Other Plan Proposals

In 2023, the City completed Phase 1 of the 2045 GPU, which included updates to the Housing Element and Safety Element, the creation of a new Environmental Justice Element, an Industrial Lands Study, an Environmental Impact Report (EIR), and updates to the zoning code and General Plan and zoning map.

Community engagement and public input gathered during 2023 from GPU Phase 1 will also inform Phase 2 of the 2045 GPU, which begins in summer 2024. The GPU Phase 2 will include updates to the Land Use and Transportation Element; the Open Space, Conservation, and Recreation Element; and the Noise Element. It will also include the creation of a new Infrastructure and Facilities Element.

Implementation of the General Plan

The following plans and projects were approved or ongoing in 2023, and amended or proposed amending the General Plan and/or General Plan land use maps:

- [Brooklyn Basin \(288 9th Avenue\)](#) — Approved; Ongoing Construction in 2023
- [Downtown Oakland Specific Plan \(DOSP\)](#) — Ongoing in 2023
- [Former California College of the Arts Campus \(5212 Broadway\)](#) — Ongoing in 2023
- [Housing Element Update](#) — Adopted in 2023
- [Safety Element Update](#) — Adopted in 2023
- [Environmental Justice Element](#) — Adopted in 2023
- [2045 GPU Phase 1 Code Amendments](#) — Adopted in 2023

II. 2023 HOUSING ELEMENT ANNUAL PROGRESS REPORT

The 2023 Housing Element Annual Progress Report (APR) addresses topics including: (1) Overall Housing Production; (2) Affordability of New Housing Units; (3) Progress Towards Meeting Regional Housing Needs Allocations (RHNA) & Reporting Shortfall Housing Needed; (4) Preservation of Residential Units; (5) Applications for Lot Splits & Units Constructed; (6) Housing-Related Activities and Policy; (7) Local Early Action Planning (LEAP) Reporting; and (8) Key Issues and Expectations for 2024.

1. Overall Housing Production

The Housing Element APR provides a comprehensive accounting on new housing production, by affordability level and type of unit, at key milestones of the development process. In other words, the Housing Element APR provides an accounting of new housing units **proposed** (in application submittals to the Planning Bureau), **entitled** (received all the required land use approvals), **permitted** (issued a building permit), and **completed** (passed its final building inspection) during 2023.

Table 2 provides the number of new housing units by phase of development and unit type. Analysis of each phase of development is in the subsequent sections. The specific unit type refers to the density and physical form of each development project. State HCD stipulates the following "Unit Type" definitions:

- **Single Family-Detached Unit (SFD)** – A one-unit structure with open space on all four sides. The unit often possesses an attached garage.
- **Single Family-Attached Unit (SFA)** – A one-unit structure attached to another unit by a common wall, commonly referred to as a townhouse, half-plex, or row house. The shared wall or walls extend from the foundation to the roof with adjoining units to form a property line. Each unit has individual heating and plumbing systems.
- **2-, 3-, and 4-Plex Units per Structure (2-4)** – A structure containing two, three, or four units and not classified as single-unit attached structure.
- **5 or More Units per Structure (5+)** – A structure containing five or more housing units, also known as "Multifamily Housing Projects."
- **Accessory Dwelling Unit (ADU)** – A unit that is attached, detached, or located within the living area of an existing dwelling or residential dwelling unit which provides complete independent living facilities for one or more persons. This category also includes *Junior ADUs*.²
- **Mobilehome Unit/Manufactured Home (MH)**³ – A one-unit structure that was originally constructed to be towed on its own chassis.

² ADUs include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel on which the single- or multi-family dwelling is situated pursuant to Government Code section 65852.2. For purposes of the APR, an ADU also includes the following: an efficiency unit, as defined in Section 17958.1 of the Health and Safety Code or a manufactured home, as defined in Section 18007 of the Health and Safety Code.

³ This category includes Vehicular Residential Facilities as defined in the Oakland Planning Code chapter 17.10.700.

Table 2: Number of New Housing Units by Phase of Development and Unit Type, 2023

| Unit Category | Proposed | Entitled | Permitted | Completed |
|---------------|--------------|--------------|------------|--------------|
| SFD | 43 | 141 | 16 | 25 |
| SFA | 2 | 4 | - | 17 |
| 2 to 4 | 24 | 21 | 15 | 38 |
| 5+ | 2,571 | 1,543 | 545 | 1,221 |
| ADU | 342 | 304 | 219 | 242 |
| MH | 3 | 3 | - | - |
| Totals | 2,985 | 2,016 | 795 | 1,543 |

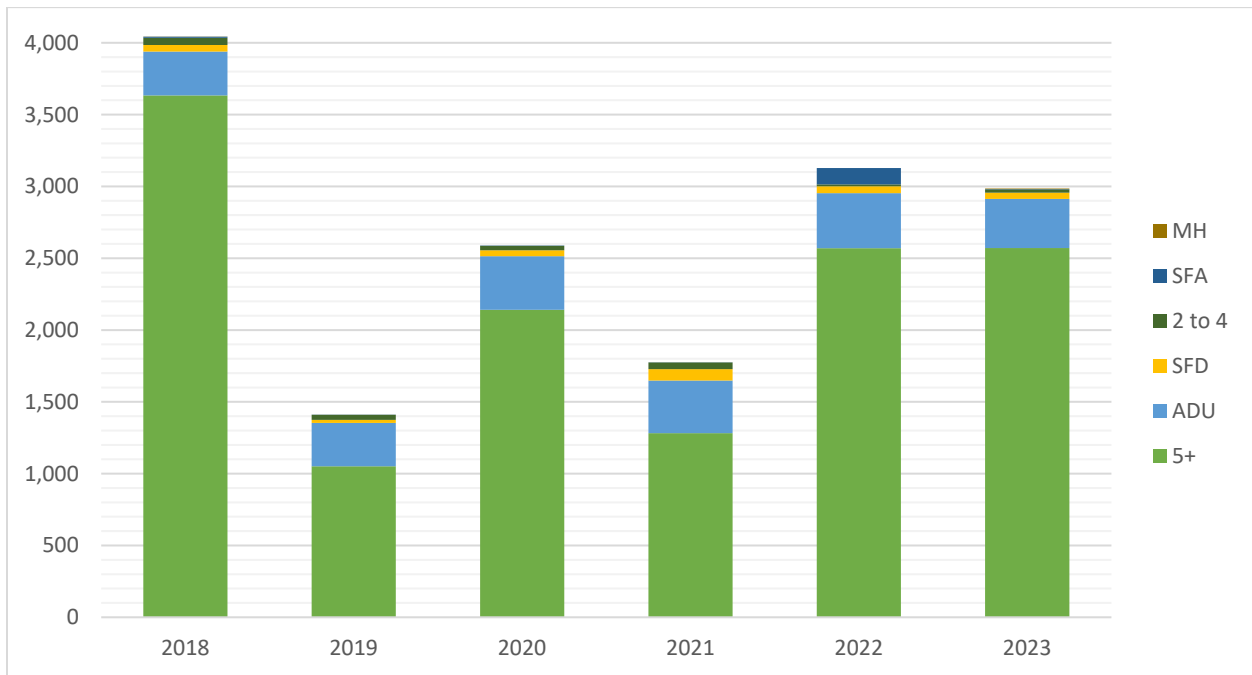
a. New Housing Units Proposed in Application Submittals

Table A of the Housing Element APR provides a list of application submittals for new housing development that were submitted in 2023 and considered active on December 31, 2023.

A total of **390** applications for new housing development were submitted in 2023. As shown in **Table 2**, these applications propose a total of **2,985** new units distributed across housing types accordingly: **2,571** multifamily units; **342** ADUs; **43** single-family detached units; **24** units in duplexes, triplexes, or fourplexes; **three** mobile homes; and **two** single-family attached units. The number of applications received per year has remained relatively consistent since 2018, when State law first began to require municipalities to report on application submittals.

As shown in **Figure 1**, the application submittals for 2,985 new units in 2023 reflect a slightly above-average year since 2018. However, this is a 5% decline from 2022 and a 26% decline from the peak year of 2018. While 2022 demonstrated a rebound from the impacts of the COVID-19 pandemic, 2023 reflects the realities of an increasingly constrained financial environment. Housing developers are contending with rapidly escalating construction costs; high interest rates; and depressed market rents due to both residual impacts of the pandemic and recent increases in housing supply. However, the above-average number of applications indicates optimism that the financial environment will improve in coming years, as well as a positive response to the City's focus on reducing regulatory constraints to housing production. Given that 86% of units are proposed for large multi-family developments, it should be noted that it will likely take several years for these projects to reach completion—dependent on when the developer moves forward through the entitlement and building permit phases, which is heavily dependent on market factors and financing.

Figure 1: Total Number of Units from Application Submittals for New Housing Development, 2018-2023



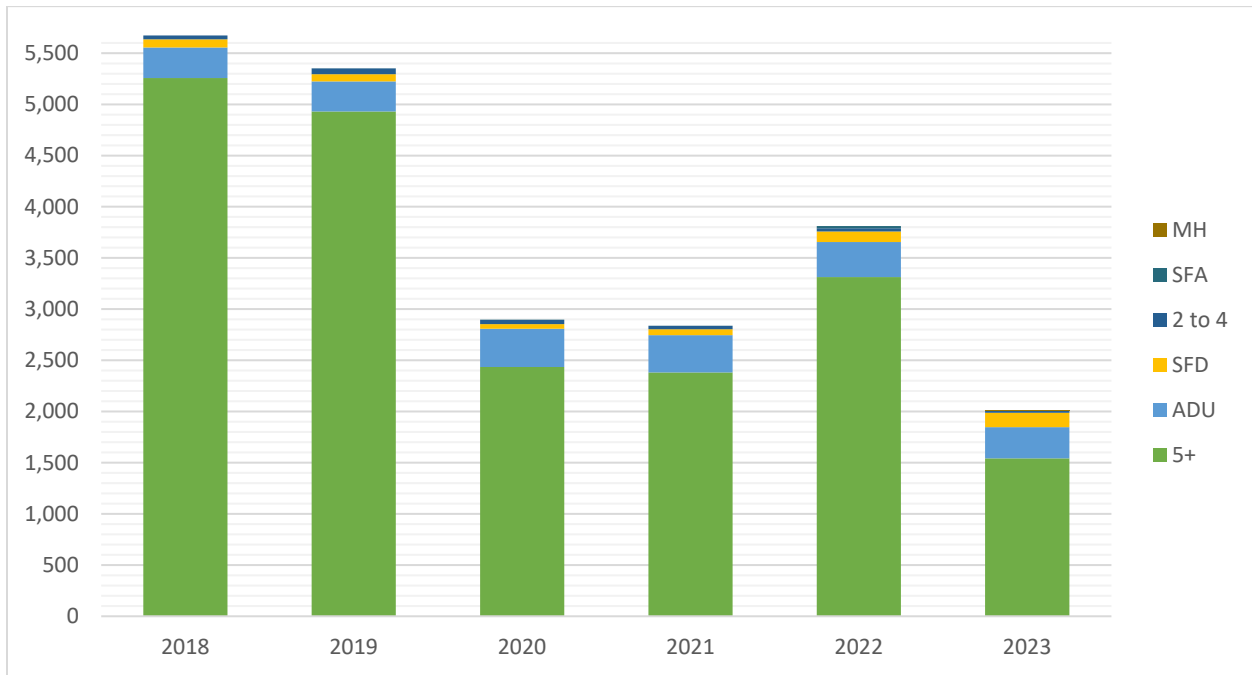
b. New Housing Units Entitled or Approved by Zoning

Entitlements are planning and zoning approvals to develop a property. A project that has been entitled means the housing development has received all the required land use approvals necessary for the issuance of a building permit. Entitlement typically involves a formal planning review process which focuses on whether the new residential facility will meet specific criteria, including:

- Development standards established by Zoning.
- Conformity to the Oakland General Plan and any applicable Specific Plans; and
- Design review criteria adopted by the Planning Commission or City Council.

As shown in **Figure 2**, fewer units were entitled in 2023 than any other year since 2018. This represents a 47% decline from 2022 and a 64% decline from the peak year of 2018. The peak in 2022 likely reflects a backlog in market demand created by the COVID-19 pandemic. In 2023, the decline was largely driven by multifamily housing units, while other unit types saw only minor changes, with some types actually increasing. Given multifamily housing projects are the most difficult to finance, this decline demonstrates the constrained financial environment under which housing developers are currently operating.

Figure 2: Total Number of New Housing Units Entitled, 2018-2023

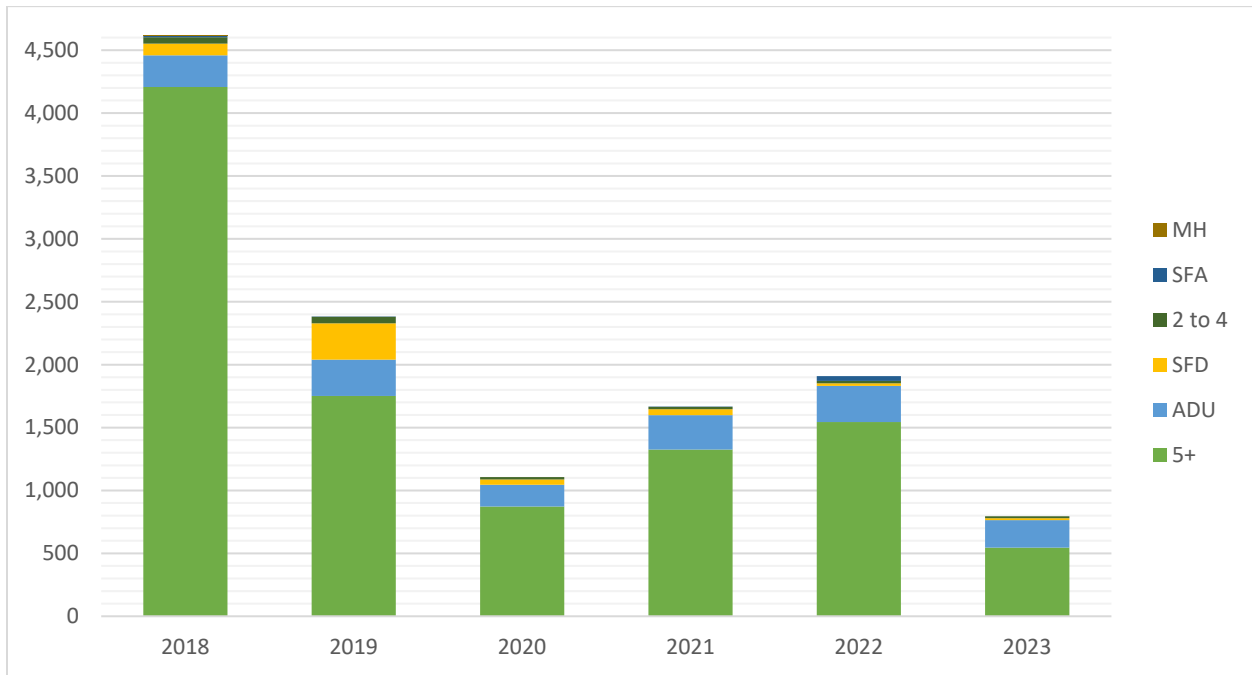


c. New Housing Units Issued a Building Permit (Permitted)

Building permits ensure that any new construction complies with all health, safety, and building code standards. The issuance of a building permit signals that construction on a project may begin - at this time, the unit is considered “permitted”. While projects that have received entitlements have all the necessary land use approvals to apply for a building permit, external factors – such as financing, the real estate market, and complying with applicable pre-construction conditions of approval – will impact the timing for when an application for a building permit is submitted. Only building permits for the construction of new housing units may be counted towards meeting the RHNA.

As shown in **Figure 3**, fewer units were permitted in 2023 than any other year since 2018. This represents a 58% decline from 2022 and an 83% decline from the peak year of 2018. More than any other metric, the extremely low number of units permitted in 2023 demonstrates the constrained financial environment under which housing developers are currently operating. In contrast to planning entitlements, housing developers typically only apply for building permits once they are ready to break ground on a project. This means that building permit issuance is the best indicator for the current state of housing development. In that regard, this is the stage at which housing developers are most sensitive to rapidly escalating construction costs, high interest rates, and depressed market rents. These financial challenges have the greatest impact on multifamily housing projects, which was the only unit type to experience a major decline. With this decline in permitted multifamily units, ADUs constituted major share of units permitted in 2023 at 28%, compared to only a 15% share in 2022.

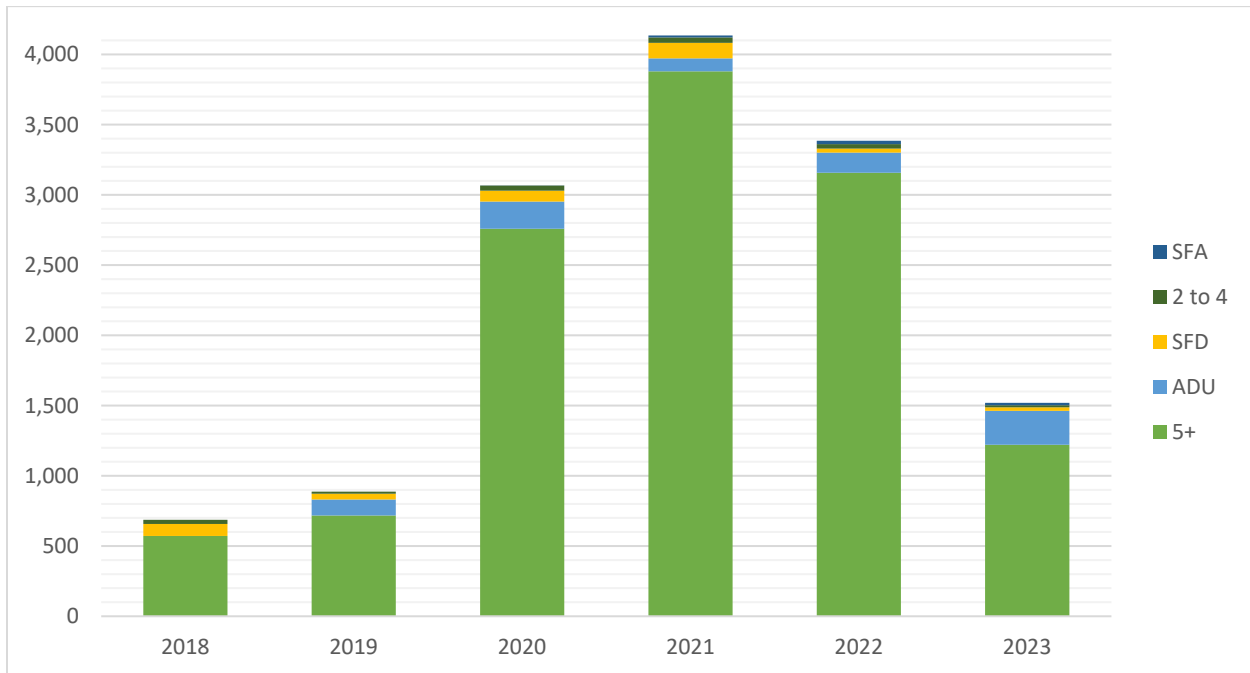
Figure 3: Total Number of New Housing Units Permitted, 2018-2023



d. New Housing Units Completed

A completed unit is one where the project has passed its final building inspection and is now ready for occupancy. Inspections are required to ensure that the construction is proceeding according to all current code standards, the approved plans, as well as any conditions-of-approval. As shown in **Table 2**, the City completed a total of **1,543** new housing units in 2023. As shown in **Figure 4**, a below average number of units were completed in 2023 relative to the previous five years. This represents a 55% decline from 2022 and an 63% decline from the peak year of 2021. This decline is largely driven by the decline in production of multifamily housing projects. Despite this, more ADUs were completed than in any prior year, representing a 25% increase from the previous record in 2020. This demonstrates the resilience of ADU production in challenging financial environments.

Figure 4: Total Number of New Housing Units Completed, 2018-2023



Affordability of New Housing Units

This Housing Element APR provides a summary of housing production by household affordability level. The income levels used in the Housing Element APR are defined by State HCD based on Area Median Income (AMI).⁴ The AMI is the midpoint of an area's income distribution. This means half of households in an area earn more than the median and half earn less than the median. Each income level is defined below:

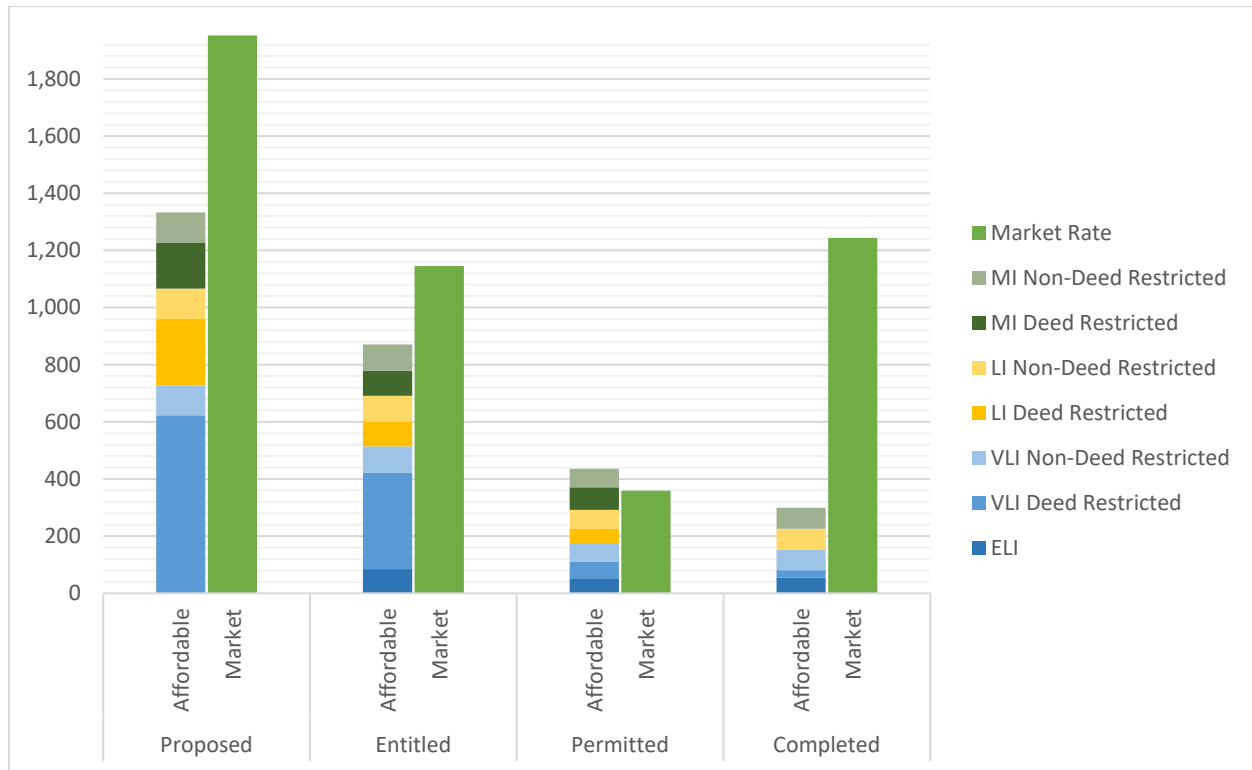
- A Very Low-Income (VLI) household earns between zero and 50 percent of AMI.
- A Low-Income (LI) household earns between 51 and 80 percent of AMI.
- A Moderate-Income (MI) household earns between 81 and 120 percent of AMI.
- An Above-Moderate household earns more than 120 percent of AMI. Housing units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

An Extremely Low-Income (ELI) household earns equal to or less than 30 percent of AMI. The Housing Element APR counts ELI units as a subset of new housing units affordable to Very Low-Income (VLI) households. This is because the APR defines VLI as households earning between zero (0) and 50 percent of AMI. Thus, the number of new VLI units provided in this report also includes ELI units.

For new housing units reported as affordable, the Housing Element APR also provides information on the financial assistance program or deed-restriction mechanism used to subsidize the unit.

⁴ For more information about Area Median Income: <https://www.oaklandca.gov/resources/rent-and-income-limits-for-affordable-housing>.

Figure 5: Number of New Housing Units by Phase of Development and Affordability, 2023

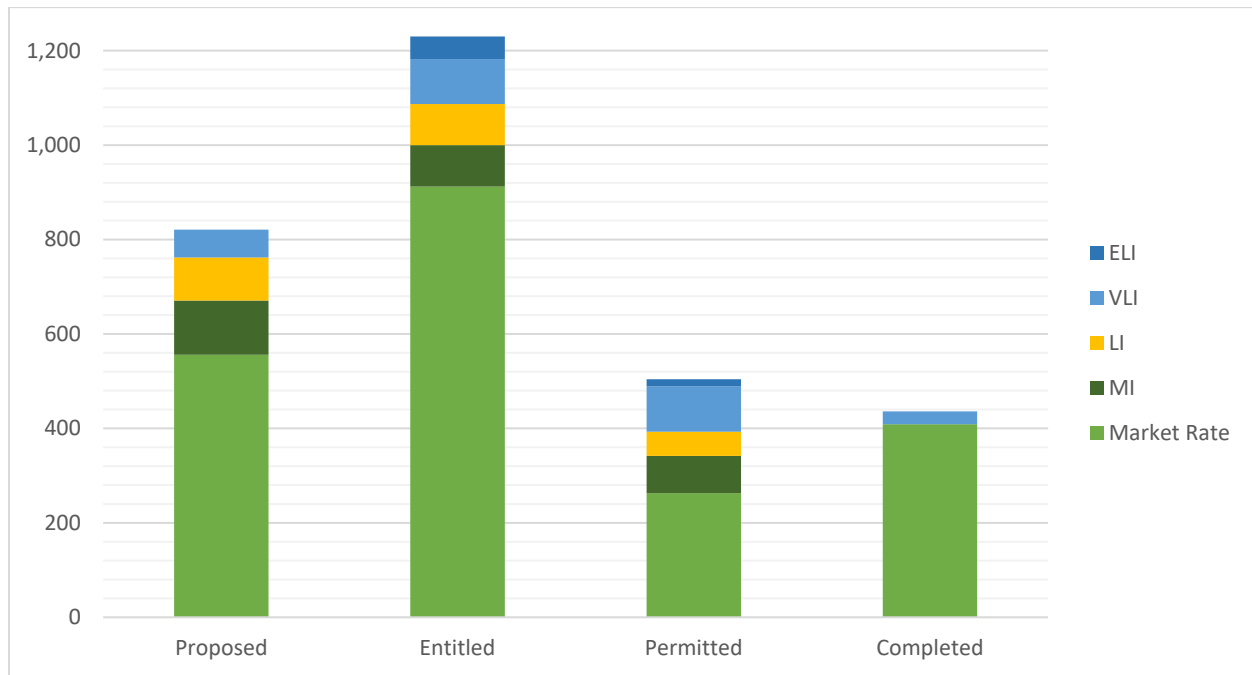


As shown in **Figure 5**, the City made important progress in 2023 toward enabling the construction of new affordable housing units. Notably, the City issued building permits for more affordable units than market-rate units. Of the 795 new units permitted in 2023, 30% were deed restricted affordable units, 25% non-deed restricted affordable ADUs, and 45% market rate units. This demonstrates how subsidized affordable housing and Accessory Dwelling Units are critical to addressing the housing crisis in a financially challenging environment. The robust production of affordable housing seems poised to continue as 43% of the 2,016 new units entitled in 2023 are affordable.

As shown in **Figure 6**, a significant number of units at all development stages are in Density Bonus projects. Furthermore, these projects are important contributors to the development of affordable housing. Of all affordable units, Density Bonus projects accounted for 20% of proposed units, 37% of entitled units, 55% of permitted units, and 9% of completed units. This demonstrates how incentivizing inclusionary housing through allowance of higher densities and other relaxation of development standards can spur affordable housing production by housing developers.

It is important to note that in November 2023 the voters of Oakland approved Measure U, a general obligation bond that includes \$350 million of new funding for affordable housing, an unprecedented investment in the production and preservation of affordable units. Affordable housing projects are dependent on local, State, and Federal funding. The number of affordable units, entitled, permitted, and completed in 2023, as noted above, does not yet reflect projects with this Measure U funding.

Figure 6: Number of New Housing Units in Density Bonus Projects by Phase of Development and Affordability, 2023



e. Senate Bill 35 Streamlining

California Senate Bill (SB) 35 was signed into State law to streamline the construction of affordable housing. SB 35 applies to any city or county that has not made sufficient progress toward meeting their RHNA goal for above-moderate income units or units affordable to LI and VLI households (i.e., households earning below 80 percent of the AMI).

Two affordable housing projects submitted under SB 35 were entitled in 2023 (see **Table 3**). These projects included a total of **39** new housing units deed-restricted to VLI households, **70** new LI housing units, and **two** market-rate units set aside for property managers.

Table 3: Entitled SB 35 Projects by Affordability Level, 2023

| Address | Record ID | Very Low-Income | Low-Income | Above Moderate-Income | Total Units |
|--------------------------|--------------------|-----------------|------------|-----------------------|-------------|
| 7954 MacArthur Boulevard | PLN22215 | 39 | - | 1 | 40 |
| 430 Broadway | PLN23045 | - | 70 | 1 | 71 |
| | Total Units | 39 | 70 | 2 | 111 |

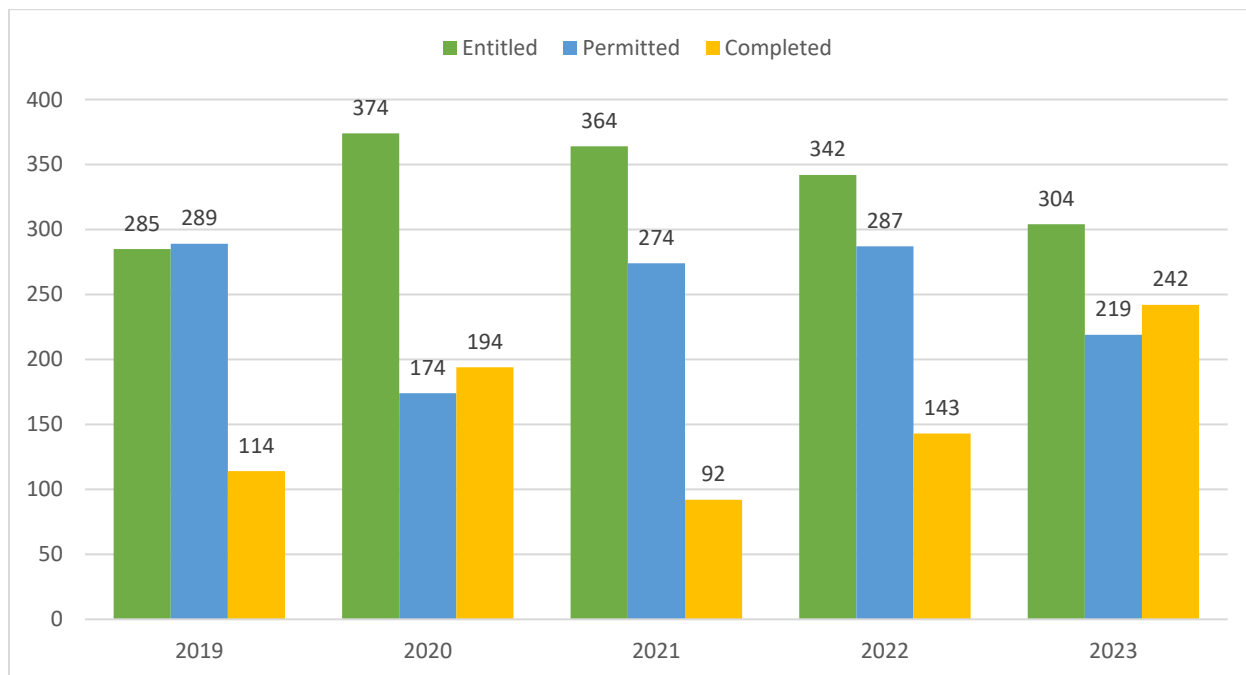
f. Accessory Dwelling Units

ADUs can be used to help address a range of local housing issues. According to the ADU Existing Conditions and Barriers Report⁵, ADUs provide cost-effective, “affordable-by-design” housing in predominately single-family neighborhoods, many of which have immediate access to transit and amenities. They can also stabilize existing single-family neighborhoods by creating rental income for homeowners to help subsidize the cost of home ownership. In addition, they can allow families to support each other across generations while maintaining independent households and opportunities to age in place.

“Keys to Equity”⁶, a privately funded program developed with City input, is helping homeowners build ADUs by providing project management services, financial assistance, and design and construction services. Although homeowners of all races and ethnicities may apply, the program specifically targets Black homeowners.

As shown in **Figure 7**, the City entitled **304** ADUs, permitted **219**, and completed **242** ADUs in 2023. The number of units entitled and permitted in 2023 were below average relative to the last five years. Entitlements in 2023 represent an 11% decline from 2022 and a 19% decline from the peak year of 2020. Permitted units in 2023 represent a 24% decline from both 2022 and the peak year of 2019. However, more ADUs were completed in 2023 than in any other of the last five years. This represents a 69% increase from 2022 and a 25% increase from the previous peak in 2019. Amid a financially constrained environment, the number of ADUs completed in 2023 demonstrates that they are “affordable-by-design”, not just for renters, but also for the homeowners developing them. ADUs are relatively simple to finance, not needing the complex financing schemes required for multifamily housing projects.

Figure 7: Production of Accessory Dwelling Units, 2019-2023



⁵ “Oakland ADU Initiative Existing Conditions And Barriers Report” <https://cao-94612.s3.amazonaws.com/documents/Oakland-ADU-Research-Report-Jan-2020-Rev-June-2020.pdf>

⁶ <https://keystoequity.org>

Over the course of the 5th RHNA Cycle (2015-2023), the City reported ADUs as market-rate units to the State through the Housing Element APR. This was done because ADUs are not deed-restricted. However, recent studies on the affordability of ADUs support the idea that ADUs are an important source of housing that is “affordable-by-design”. Based on an ADU affordability study⁷ conducted by the Association of Bay Area Government (ABAG), State HCD has determined that ABAG region jurisdictions may use this data for the APRs for calendar years 2023 and 2024 to establish the naturally occurring (non-deed restricted) affordability levels for ADUs. This study estimates that of all units, 30% each qualify as VLI, LI, and moderate-income units. Meanwhile, the study estimates that the remaining 10% of units qualify as above-moderate-income units. For Oakland’s 2023 APR, this distribution was applied across all reported ADUs. As income categories must be reported for each individual project, each unit was assigned a non-deed restricted affordability level. These assignments were made such that the overall distribution of proposed, entitled, permitted, and completed units each approximately represent the 30-30-30-10 distribution determined by the ABAG study, as show in **Table 4**. Given this methodology, the reported income category of ADUs should only be considered in the aggregate. The reported affordability of an individual ADU does not necessarily reflect the actual rent charged for that unit.

Table 4: ADU Affordability by Phase of Development, 2023

| | Proposed | Entitled | Permitted | Completed |
|----------------------------|-----------------|-----------------|------------------|------------------|
| Very Low-Income | 104 | 93 | 65 | 72 |
| Low-Income | 106 | 90 | 65 | 73 |
| Moderate Income | 107 | 92 | 65 | 73 |
| Above Median Income | 25 | 29 | 24 | 24 |
| Totals | 342 | 304 | 219 | 242 |

⁷ "Using ADUs to Satisfy RHNA" ABAG Technical Memo: <https://abag.ca.gov/tools-resources/digital-library/adus-projections-memo-finalpdf>.

Progress Towards Meeting Regional Housing Needs Allocation & Reporting Shortfall Housing Need

Every jurisdiction in California is required to zone for enough land for private development to meet that city's RHNA. The RHNA is determined through a state-mandated process carried out by regional planning entities – in the case of Oakland's RHNA, the corresponding entity is the Association of Bay Area Governments (ABAG). The City's progress toward meeting the RHNA is presented in Table B of the Housing Element APR and **Table 5**.

Table 5: Regional Housing Needs Allocation Progress, 2023-2030

| Income Level | RHNA | 2022* | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | Total Units | RHNA Due |
|--------------|---------------|--------------|------------|------|------|------|------|------|------|------|--------------|---------------|
| Very Low | 6,511 | 288 | 174 | | | | | | | | 462 | 6,049 |
| Low | 3,750 | 137 | 113 | | | | | | | | 250 | 3,500 |
| Moderate | 4,457 | 78 | 141 | | | | | | | | 219 | 4,238 |
| Market | 11,533 | 588 | 355 | | | | | | | | 943 | 10,590 |
| Total | 26,251 | 1,091 | 783 | | | | | | | | 1,874 | 24,377 |

* The unit counts under 2022 reflect units permitted between June 30, 2022 and January 30, 2023, which were credited towards the 6th Cycle RHNA.

Through 2023, Oakland has permitted 7% of the required units for the 6th Cycle. To accomplish its RHNA goals, Oakland would need to annually permit an average of 3,482 units over the next seven years. While the proportion of RHNA met in 2023 was low, it was the first year of the 6th Cycle. The City Council adopted major amendments to the Planning Code on October 3, 2023⁸, which are expected to facilitate future housing development. In addition, Measure U passed in November 2023, which allocates new funding towards affordable housing developments. Furthermore, Oakland tends to experience significant fluctuations in building permits issued year-by-year. For example, at the start of the 5th Cycle RHNA, 771 units were permitted in 2015, while 2,121 were permitted in 2016.⁹ Therefore, one year of low permitting is not atypical and does not indicate a trend of depressed permitting activity.

Preservation and Production of Affordable Residential Units

The City typically issues funding for the construction, acquisition, and preservation of affordable housing via competitive NOFA processes. 2023 saw major City investments towards these affordable housing priorities.

The City's Acquisition and Conversion to Affordable Housing (ACAH) Program is an anti-displacement program that preserves existing housing that is affordable to low-income Oaklanders. The City provides financing to affordable housing partners to acquire unsubsidized affordable housing, perform necessary upgrades and improvements to the physical condition of the property. In return, the homes are deed restricted as affordable to low- and moderate-income households for at least 55 years.

⁸ "Oakland 2045 General Plan Update: Certification Of The Final Environmental Impact Report For Phase 1 Of The City Of Oakland 2045 General Plan Update And Adoption Of The Safety And, Environmental Justice Elements And The Planning Code Text And Map Amendments," Ordinance No. 13763 C.M.S.: <https://oakland.legistar.com/View.ashx?M=F&ID=12374879&GUID=EFB8E718-2B87-44A5-BE18-796FBD0C3BB9>

⁹ 2022 Oakland Housing Element Annual Progress Report: https://cao-94612.s3.us-west-2.amazonaws.com/documents/Oakland2022_Rev06.06.23_Online.xlsx

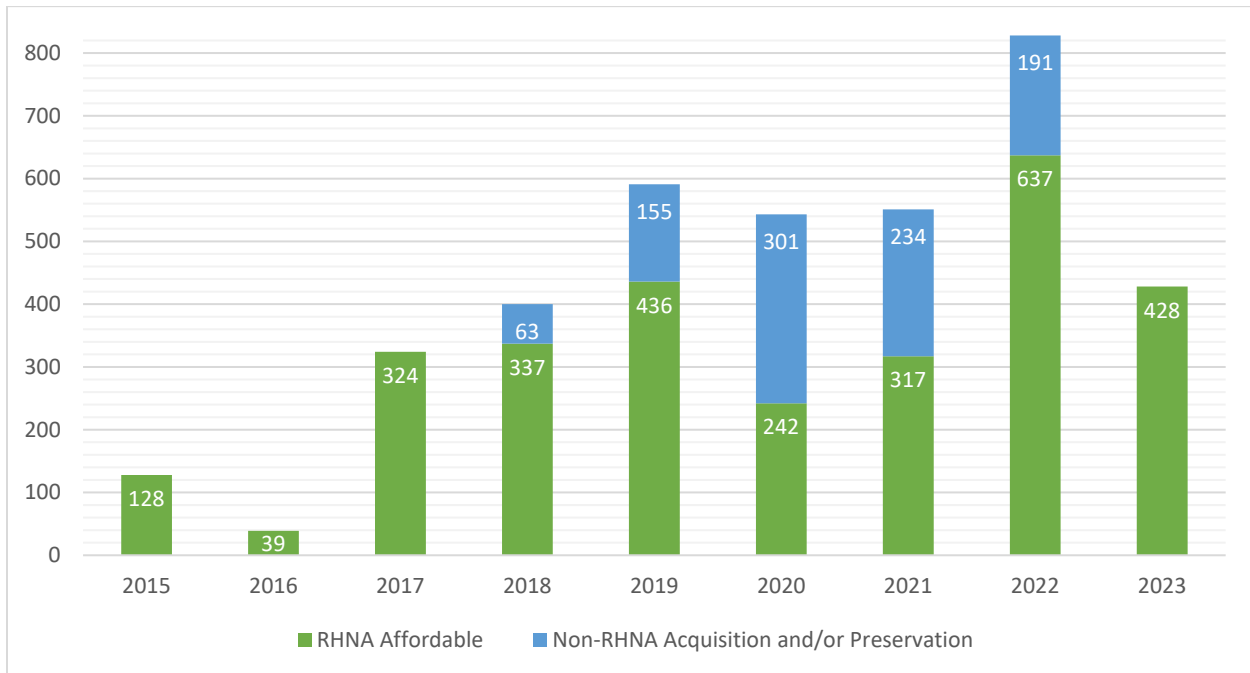
In 2023, the City provided \$600,000 of additional financing to 789 61st Street project (4 units), owned by Northern California Land Trust for the rehabilitation of the property (after providing acquisition financing in 2020). City staff is currently underwriting the acquisition and rehabilitation loans for an additional eight ACAH projects. The most recent ACAH NOFA and associated documents are available at: <https://www.oaklandca.gov/resources/nofa-opportunities>.

In 2023, the City closed its Round 3 Homekey NOFA, ultimately offering \$26 million in matching funds to six projects. Of these six projects, three projects were awarded State Homekey funding, while a fourth was ultimately funded through an alternative State funding source. Imperial Inn is the conversion of an existing motel that will bring 47 units of Permanent Supportive Housing to Oakland. Quality Inn is another motel conversion project that will bring 103 Permanent Supportive Housing units to Oakland, including a portion set aside for Transition Aged Youth. Dignity Village is a modular rapid-build project on City-owned land that will create 40 units of Permanent Supportive Housing. These three projects bring the total number of deeply affordable units created by the nine Homekey projects in Oakland to 467.

In 2023, the Council authorized \$77.4 million for affordable housing projects through the City's New Construction Notice of Funding Availability (New Construction NOFA). Based on funding priorities and project scoring, this investment resulted in nine (9) funding awards (two (2) with partial funding) to multifamily affordable housing rental developments with a total of 623 units, including 262 units of Permanent Supportive Housing (PSH) serving unhoused individuals and their families. These PSH units will all be affordable to Extremely Low-Income households, thereby advancing the City's progress on the Very Low Income RHNA. In addition to the 2023 New Construction NOFA awards, the City committed \$18 million in funding to the Mandela Station Affordable Housing project which includes 238 new multifamily affordable units, of which 60 would be PSH. With this additional funding, the City committed a total of \$95.4 million through its New Construction program towards the construction of approximately 860 units in 2023, 322 units of which will be PSH. Of the \$95.4 million committed, \$68 million was sourced from the Measure U affordable housing bond. After adding the funded Homekey projects listed above, the total new construction affordable housing funded by the City in 2023 rises to 1050 units, of which 512 will be PSH. The 2023 New Construction NOFA and associated documents are available at the following website: <https://www.oaklandca.gov/resources/2023-24-new-construction-of-multifamily-rental-affordable-housing-notice-of-funding-availability-nofa>.

In addition to the local investment of over \$100 million in new housing production in 2023, the City vigorously pursued State and Federal funding opportunities to support more affordable units. Besides the three Homekey projects described above, the City directly secured \$53 million in competitive State grants for affordable housing in 2023. This includes \$41 million from the Infill Infrastructure Grant Catalytic Program, \$10 million from the Regional Early Action Planning Grant program, and \$2 million from the Prohousing Incentive Pilot Program. Together, these grant funds will leverage City investments in affordable housing and help the funded projects begin construction.

Figure 8: Affordable Housing Production and Preservation Progress, 2015-2023



Applications for Lot Splits & Units Constructed

In 2019, Governor Gavin Newsom signed into law Senate Bill (SB) 9. The new law requires jurisdictions to ministerially approve either or both of the following, as specified:

- A housing development of no more than two units (duplex) in a single-family zone.
- The subdivision of a parcel zoned for residential use, into two approximately equal parcels (lot split), as specified.

Government Code section 65852.21(h) requires units constructed pursuant to Government Code section 65852.21 to be included in the APR. Government Code section 66411.7(l) requires lot splits approved pursuant to Government Code section 66411.7 to be included in the Housing Element APR.

SB 9 only applies to single-family zones outside of environmental hazard and historic areas. Action 3.2.1 in the Housing Element committed the City to significantly reducing single-family zoning. Through updates to the zoning code as part of the Missing Middle Housing Type Planning Code amendments adopted on October 3, 2023¹⁰—in particular to the City’s Detached Residential (RD) and the Mixed Housing Type Residential (RM) Zones where four-plexes will be permitted on lots that are 4,000 square feet or larger and two units on lots of any size—the City has largely eliminated single-family zoning, thus making progress towards its goal of furthering equitable opportunities for all people and communities. Through this measure, the City has significantly reduced the extent of exclusionary zoning, and thus the applicability of SB 9 in the City.

¹⁰ “Oakland 2045 General Plan Update: Certification Of The Final Environmental Impact Report For Phase 1 Of The City Of Oakland 2045 General Plan Update And Adoption Of The Safety And, Environmental Justice Elements And The Planning Code Text And Map Amendments,” Ordinance No. 13763 C.M.S.: <https://oakland.legistar.com/View.ashx?M=F&ID=12374879&GUID=EFB8E718-2B87-44A5-BE18-796FBD0C3BB9>

One housing project submitted under SB 9 was entitled in 2023. The project entails splitting one residential lot into two and building a duplex on each lot, resulting in **four** new market-rate units.

Housing-Related Activities & Policy

Oakland's 2023-2031 Housing Element includes a Housing Action Plan (HAP) that identifies 123 action items that address the following goals:

1. Protect Oakland residents from displacement and prevent homelessness.
2. Preserve and improve existing housing stock.
3. Close the gap between affordable and market-rate housing production by expanding affordable housing opportunities.
4. Address homelessness and expand resources for the unhoused.
5. Promote neighborhood stability and health.

Progress toward implementing all policies and programs included in the HAP can be found in Table D of the 2023 Housing Element APR. Highlights include:

1.1.9 Implement a rental housing registry.

2023 was the first year covered Oakland landlords were required to register for the City's rental registry; as of December 2023, about half have done so. The City continues to explore options to improve awareness of the rental registry requirement among those who have not yet registered. The City is in the process of hiring additional clerical staff to process the roughly 3,000 physical registrations it received.

1.1.14 Protect Oakland residents from displacement and becoming homeless.

In 2023, the City completed its distributions through the Emergency Rental Assistance Program. In 2023, the City also launched a \$2.3 million homelessness prevention pilot program and approved \$1 million to fund eviction defense work by Centro Legal De La Raza, a local nonprofit.

2.1.6 Increase funding for improved air quality.

The City applied for and received portable air filtration equipment and filters for deployment in community facilities, including recreation centers, libraries, senior centers, and schools. In 2023, the City received 119 total units, which are currently in use to improve indoor air quality for residents and users of these facilities, with 89 units deployed in City facilities and 30 deployed in OUSD schools.

3.1.1 Develop a project-based rental or operating subsidy program for extremely-low-income residents.

In 2023, the City of Oakland launched a new Rapid Response Homeless Housing (R2H2) program,¹¹ which combines capital and operating subsidy to fund housing for the homeless. This program will support Homekey Round 4 applicants and other projects with a rolling, over-the-counter funding source for interim and permanent homeless housing.

3.2.5 Reduce constraints to the development of ADUs.

Staff have been working on a singular unified streamlined ADU application that clearly identifies requirements and costs upfront. This was being tested in 2023 and will be put

¹¹ <https://www.oaklandca.gov/topics/city-homekey>

into production in 2024. We hired a new Public Service Representative at the Permit Counter.

3.3.3 City of Oakland Emergency Rental Assistance Program.

In 2023, the City completed its distributions of Emergency Rental Assistance Program funds to its waitlist. The City also launched a \$2.3 million homelessness prevention pilot program which provides flexible funding to residents at-risk of homelessness of which emergency rental assistance is an eligible use. Lastly, the City committed \$1 million to fund eviction defense work by Centro Legal De La Raza, a local nonprofit.

3.6.1 Streamline the City permitting process, especially for low-income and nonprofit builders.

On December 30, 2023, the Planning and Building Department (PBD) launched the Rapid Permits process to allow for a customer to apply online, pay fully, and then print their permit in a single sitting. This streamlines and quickens access to 2/3rd of the City's volume of building permit applications.

5.2.1 Protect against smoke and wildfire.

The City, through partnerships with Ava Community Energy and the Bay Area Regional Energy Network, continues to support incentive programs to improve indoor air quality through retrofit programs to replace natural gas appliances with cleaner electric alternatives, replace ductwork, and improve air sealing to reduce pollution exposure, while lowering utility bills. The City has also secured a variety of portable air filtration equipment in 2023 to deploy at public facilities in frontline communities, with more than 60 such units deployed in the last year.

5.3.1 Provide fair housing services and outreach.

5.3.2 Promote awareness of predatory lending practices.

Informational materials addressing these action items have been posted on the City of Oakland's website at: <https://www.oaklandca.gov/documents/fair-housing-and-predatory-lending-information>.

In addition, the following 15 action items were implemented with City Council's adoption of major amendments to the Planning Code on October 3, 2023:¹²

- **3.2.1** Develop zoning standards to encourage missing middle and multi-unit housing types in currently single-family-dominated neighborhoods, including flats, duplexes, triplexes, fourplexes, townhomes/rowhouses, and ADUs.
- **3.3.5** Implement an affordable housing overlay.
- **3.4.1** Revise development standards, including allowable building heights, densities, open space and setback requirements.
- **3.4.3** Revise Conditional Use Permit (CUP) requirements.
- **3.4.4** Revise citywide parking standards.
- **3.4.5** Revise open space requirements.
- **3.4.6** Correct zoning district boundaries that cut through parcels.
- **3.4.10** Implement a Housing Sites Overlay Zone to permit sites included in the Housing Sites Inventory to develop with affordable housing by right.

¹² "Oakland 2045 General Plan Update: Certification Of The Final Environmental Impact Report For Phase 1 Of The City Of Oakland 2045 General Plan Update And Adoption Of The Safety And, Environmental Justice Elements And The Planning Code Text And Map Amendments," Ordinance No. 13763 C.M.S.: <https://oakland.legistar.com/View.ashx?M=F&ID=12374879&GUID=EFB8E718-2B87-44A5-BE18-796FBD0C3BB9>

- **3.7.6** Expand areas where rooming units and efficiency units are permitted by right.
- **3.7.7** Amend Planning Code to comply with the Employee Housing Act.
- **3.7.8** Expand areas where Residential Care Facilities are permitted by right.
- **4.3.2** Streamline approval for modular developments to provide quality shelter quickly to address the scale of the crisis.
- **4.3.3** Remove regulatory constraints to the development of transitional housing and supportive housing.
- **4.3.5** Provide development standards for low barrier navigation centers.
- **4.3.6** Expand opportunities for the permitting of emergency shelters.

Local Early Action Planning (LEAP) Reporting

In 2020, the Planning & Building Department received a Local Early Action Planning (LEAP) grant in the amount of \$750,000. These funds were designated for the General Plan Update of the Housing and Safety Elements, and the creation of a new Environmental Justice Element. Oakland's 2023-2031 Adopted Housing Element was certified by State HCD on February 17, 2023. The Safety and Environmental Justice Elements were adopted on September 26, 2023.

Key Issues and Expectations for 2024

The Housing & Community Development Department has several key funding initiatives underway in 2024 and continues to engage with local and regional partners around the anticipated Bay Area Housing Finance Agency (BAHFA) bond in November 2024.

One major focus for the City in 2024 will be the continued investment of Measure U funding in affordable housing. Building off the \$88 million of Measure U funding committed in 2023, the City committed an additional \$22 million in Measure U funding in February 2024 to pipeline projects from the 2023 New Construction NOFA. The City anticipates making further Measure U investments this year in the 2024 New Construction NOFA, the Rapid Response Homeless Housing (R2H2) program, and the Acquisition and Conversion to Affordable Housing (ACAH) program. These investments will protect the affordability of existing homes and produce new affordable homes for hundreds of Oakland families.

One of the most exciting new housing programs in 2024 is the City's Rapid Response Homeless Housing (R2H2) initiative. Building off the 190 units of Permanent Supportive Housing that the City won in 2023's Round 3 Homekey projects, the R2H2 program will fund quick-build homeless housing projects similar to the State's Homekey program via a rolling, over-the-counter application process. The first \$29 million allocated to R2H2 was made available in a NOFA issued in November 2023, and the City anticipates making the first R2H2 awards in 2024. To date, the City has received 19 applications for the R2H2 NOFA, which demonstrates the strong pipeline of homeless housing opportunities in Oakland. Some of these R2H2 projects will likely seek additional funds through the State should a Round 4 Homekey NOFA be announced, or through a similar program funded through the Behavioral Health Continuum Infrastructure Program which is anticipated at some point in 2024.

Another key focus for 2024 will be the BAHFA regional bond for affordable housing in November 2024. This \$10-20 billion bond could provide the City with between \$382 million and \$765 million for affordable housing. At least 52% of these funds would be dedicated to producing new affordable homes, while at least 15% of these funds would be dedicated to preserving existing affordable homes. Alameda County would also receive a separate pool of funds ranging from \$987 million to \$1.97 billion. The City is currently working with the County to conduct public

engagement around this potential affordable housing bond. The City is also exploring with the County if some potential programs funded out of the County's allocation, such as possible home repair or homebuyer programs, could serve both Oakland residents and other residents of Alameda County.

ENVIRONMENTAL DETERMINATION

Consideration of the 2023 General Plan and Housing Element APR does not constitute a project under the California Environmental Quality Act (CEQA).

RECOMMENDATIONS:

Staff Recommend That The Planning Commission Receive An Informational Report On The City Of Oakland's General Plan And Housing Element Annual Progress Reports For Calendar Year 2022.

Prepared by:



Timothy Green, Planner II

Reviewed by:



Laura B. Kaminski, Strategic Planning Manager

Approved for forwarding to the City Planning Commission by:



Ed Manasse, Deputy Director of Planning