

City of Oakland Economic Development Strategy

2018-2020



City of
Oakland



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Libby Schaaf
Mayor

Dear Oaklanders,

As we are all aware, Oakland is experiencing rapid growth – we have more residents, construction, and investment than we’ve seen in a long time. This is leading to a lot of change. On the very positive side, overall unemployment has plummeted, commercial vacancies are being filled, business and tourism are thriving, and more residential units and office space are being built. But on the negative side, rents are increasing, the cost of business is going up, streets are becoming more congested, and we are feeling the pressure of outside forces changing the Oakland we love. And, as in most of California and the country, the City’s increasing operating costs continue to create budget challenges, while equity gaps between whites and other groups persist and are even worsening. For many long-time residents, who have suffered through lean years, this can be unfair.

However, I believe Oakland is uniquely positioned – in terms of values and opportunity – to chart a course for responsible economic development. Our community has always held a shared belief in equity, inclusive growth, and love of our hometown. As City officials, it is our responsibility to foster these values and deliver not only effective, supportive services but also to create opportunities for all Oaklanders, especially those who are most adversely affected. We cannot just focus on meeting the challenges of today, but must also prepare for tomorrow by creating and attracting new and better jobs for the next generation of Oaklanders. With that goal

in mind, it is crucial we identify new sources of revenue, grow our strengths, and mitigate our weaknesses. Fortunately, for the first time in many years, we have a chance to do this responsibly and smartly.

In this document we have outlined an economic development vision and strategy for Oakland that will help us control our own destiny, set our own priorities, and secure the resources needed to thrive now and for years to come; this vision is built around supporting minority-owned and small businesses, streamlining tedious bureaucratic processes, creating workforce development programs that give residents the tools needed to soar, partnering with the private sector to derive greater community benefits from key development projects, and embracing Oakland's cultural heritage. This strategy is designed to reduce our dependency on tax increases and bond measures by building industries for tomorrow and seizing the most actionable growth opportunities. We have set clear timetables and specific measurable goals, so we know exactly where we are going and how to get there.

Rather than react to economic development fearfully and as something thrust upon us, we must harness it for the greater good. The sudden growth we have all been experiencing does not need to be a negative, a gentrifier or a displacer. I believe this is the moment to unlock the potential of Oakland, expand our opportunities, and aggressively take action to ensure every Oaklander benefits from and participates in this prosperity. Responsible economic development strategies can generate revenues to help our City manage budget challenges and deliver sound services, as well as open the door for programs and investments in our community that we have long been hoping to make. This is truly our time to responsibly shape our City and our future. This is Oakland's moment to thrive.

Sincerely,

A handwritten signature in black ink, appearing to read "Libby Schaaf". The signature is fluid and cursive, with the first name "Libby" being more prominent and the last name "Schaaf" written in a more compact, connected style.

Mayor Libby Schaaf



Introduction

Over the past several years, the Bay Area's remarkable growth and shifting cultural preferences for urban living have converged to dramatically alter Oakland's economic and demographic landscape. In general, our labor force has grown, unemployment has dropped, and the number of high school and college graduates has increased. Additionally, our real estate market – residential and commercial – is growing quickly while vacancies dwindle.

Still, as new economic opportunities arise daily, this sudden growth has not benefited Oakland residents and businesses equitably. The cost of commercial and residential spaces has rapidly escalated in the last three years leading to the displacement and insecurity of local businesses, non-profits, artists, makers, and long-time residents who are the backbone of our community.

Furthermore, while unemployment rates for African-American, Latino, and Asian populations have declined significantly,¹ this increased employment has not resulted in higher median incomes or in narrowing the racial income gap.

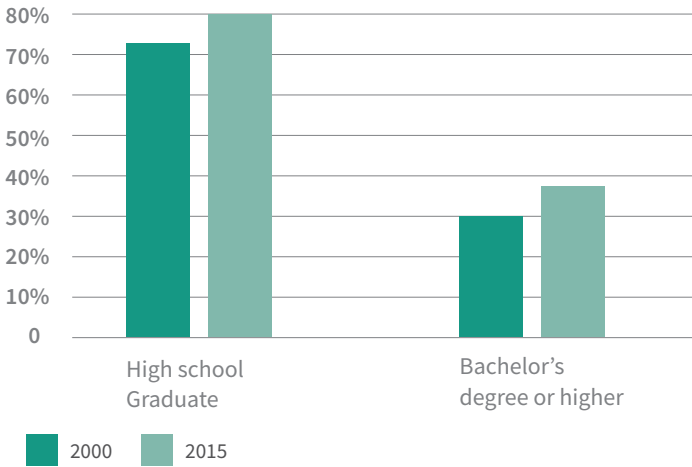
This strategy recognizes that economic growth in Oakland is not sufficient if the benefits are only felt by one portion of our community. We have to pursue economic development that creates inclusion and racial equity. Prosperity must be more equitably shared and, in light of the statewide dissolution of redevelopment agencies and shifting federal priorities, the responsibility falls ever more on local government to ensure we grow steadily and responsibly.

¹ African-American unemployment fell from 25% in 2013 to 9% in 2015; Latino/a and Asian unemployment fell from 11% to 7% and 8%, respectively

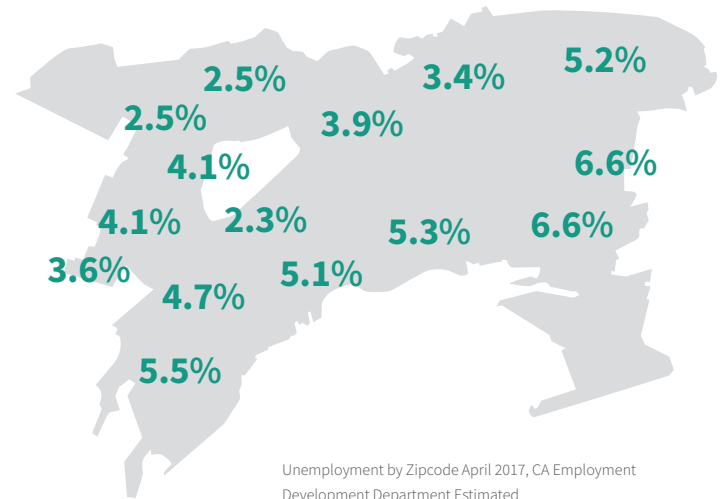
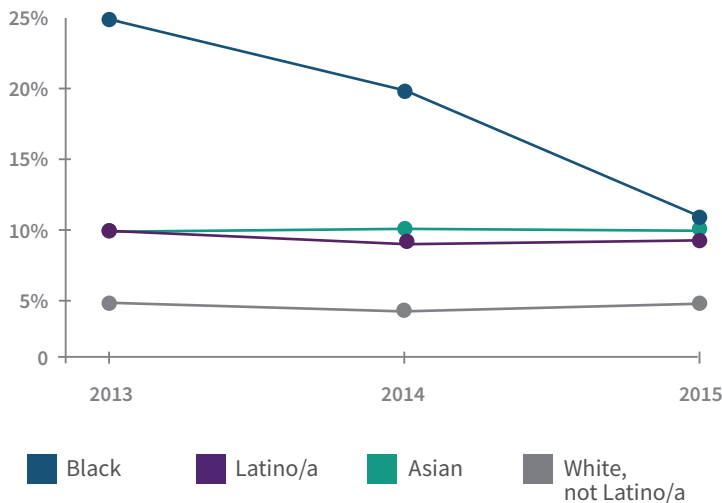
Oakland

POP: 420,005

Oakland Educational Attainment (Ages 25+)



Unemployment by Race and Ethnicity, 2013-2015



5.4%

Unemployment

180,743

Jobs in Oakland

215,370

Labor Force

24%

Oakland Workers who Live in Oakland

CA Employment Development Department (Aug 2017), Census LEHD, Jobs Figure is 2016.



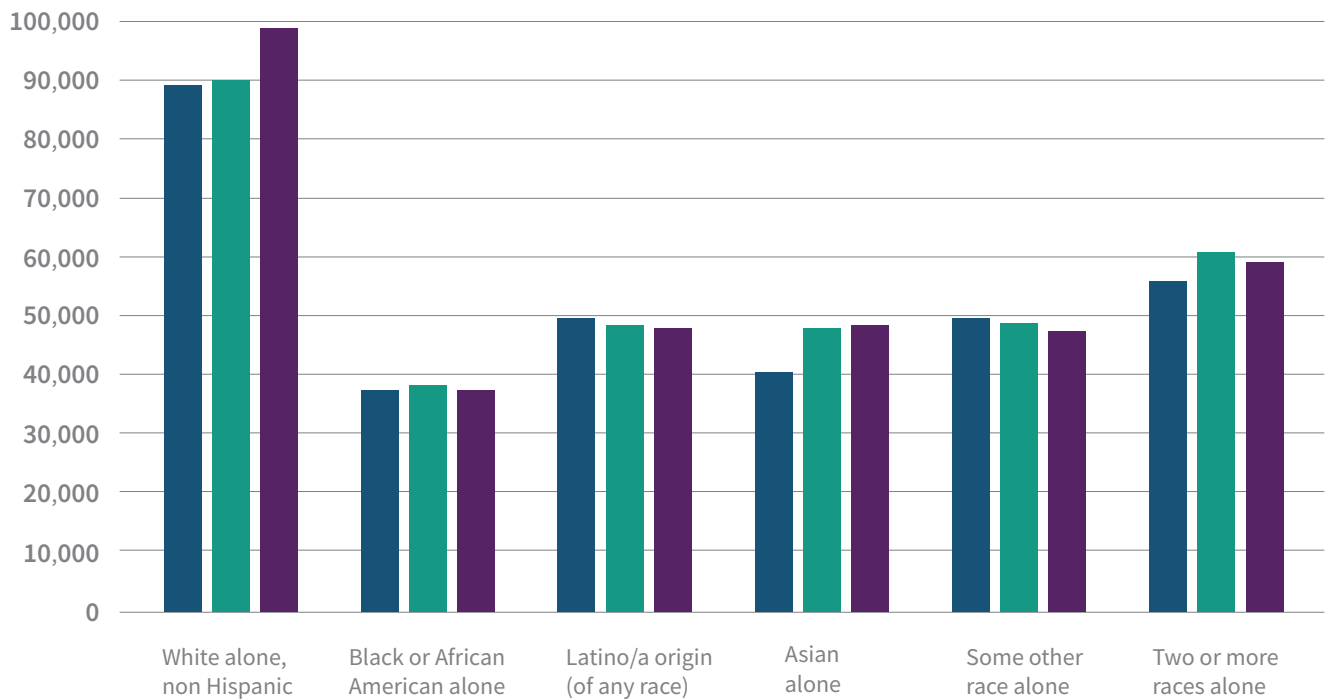
44,800
Businesses

43%
Women-owned

51%
People of Color-owned

US Census Survey of Business Owners, 2012

Median Incomes in Oakland by Race or Ethnicity

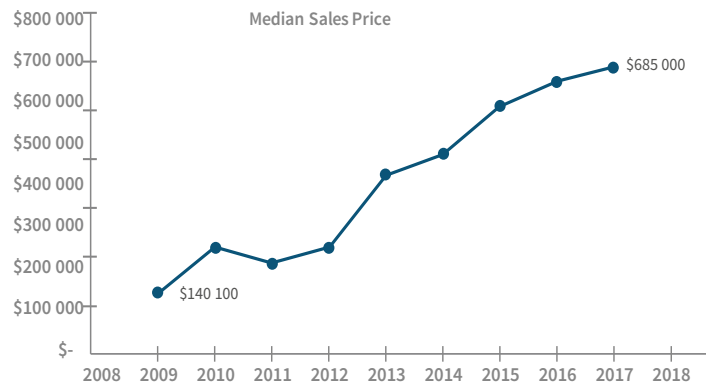


■ 2013 ■ 2014 ■ 2015

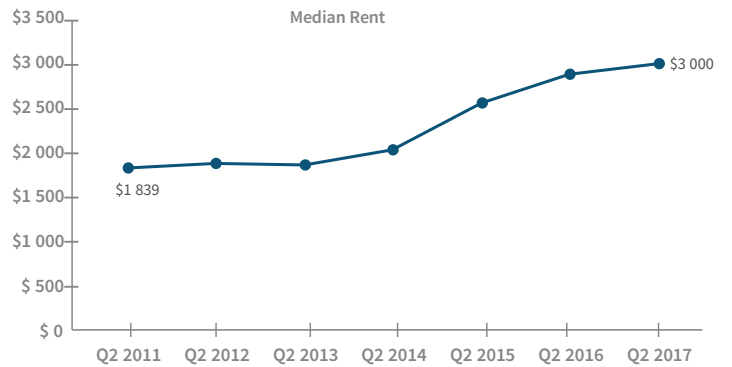
Source: CA Employment Development Department, Bureau of Labor Statistics, US Census

Residential Real Estate

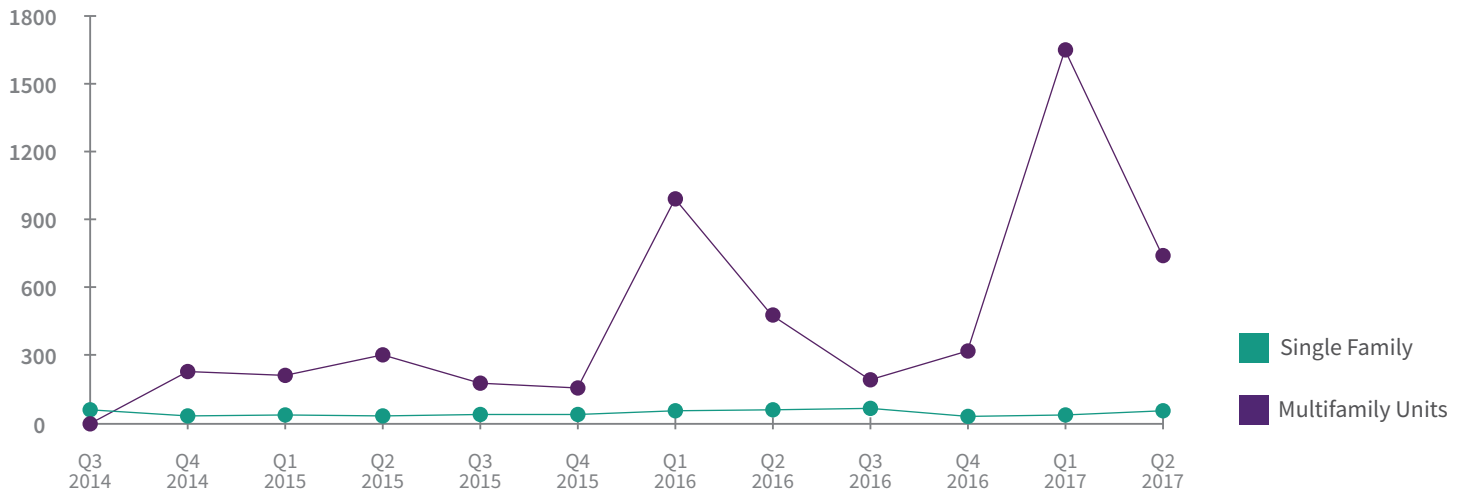
Median Single Family Home Price



Quarterly Rent Average



Residential Building Permits



Development Pipeline

H

Housing

3,006 Units Under Construction

8,990 Units Approved

8,249 Units Pre-Application or in Review

C

Commercial Industrial

2,021,570 Square Feet Under Construction

3,225,350 Square Feet Approved

3,705,600 Square Feet in Pipeline

Sources: HdL Companies, JLL, Zillow, CoStar Market Analytics, City of Oakland Planning & Building Department.

Dashboard Compiled by Economic & Workforce Development Department.
Contact or Subscribe: mraya@oaklandnet.com

Commercial Real Estate (Q2 2017)

Industrial Vacancy: **2.0%**

Office Vacancy: **6.6%**

Retail Vacancy: **3.2%**

Rent/ square foot: **\$9.27**

Rent/ square foot: **\$41.54**

Rent/ square foot: **\$22.68**

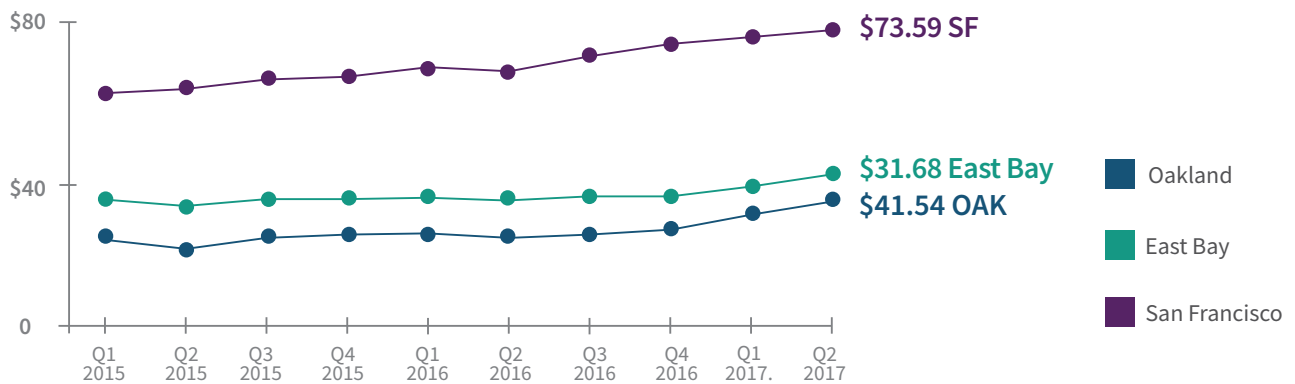
East Bay: **3.6%, \$11.50**

Downtown: **6.6%**
\$49.63

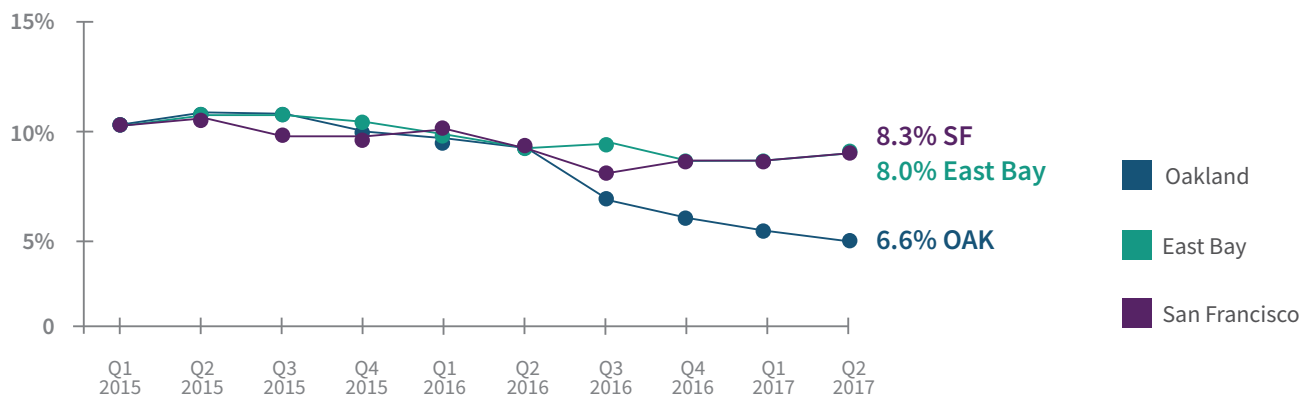
East Bay: **3.4%, \$25.54**

East Bay: **8%, \$31.68**

Quarterly Rent Average



Office Vacancy Rates



About this Economic Development Strategy

This Economic Development Strategy

is divided into two sections – the first examines opportunities and initiatives that are immediate priorities for the City, while the second looks toward the future and highlights key areas the City should be prioritizing for long-term planning and investment.

Each objective and goal was established after extensive engagement with residents, business owners, civic leaders, City elected officials, and staff from multiple municipal departments. They are in alignment with our broader resiliency strategy so that we can close inequity gaps over time and are prepared to respond to sudden and unforeseen circumstances. They are actionable, measurable, and impactful.

Furthermore, the entire strategy is grounded in a set of underpinning values that reflect the input, feedback, and insights from our community. These values will be the foundation and guiding principles for all the City’s economic development efforts to help ensure Oakland remains a unique, special place to live and do business.

Economic Security

Enable all residents to be economically secure, build wealth, and achieve their full potential

Equity and Diversity

Reduce racial and gender gaps in employment, income, and ownership; maintain diversity

Growing Good Jobs

Help businesses to thrive so they can preserve and add living wage jobs

Fiscal Sustainability

Expand the City’s revenue base to better fund services and community investment

Efficiency

Optimize public benefits from limited public resources

Shared Responsibility

Recognize that economic development is a City-wide responsibility shared by many departments

Collaboration

Support internal collaboration and external partnerships

Transparency

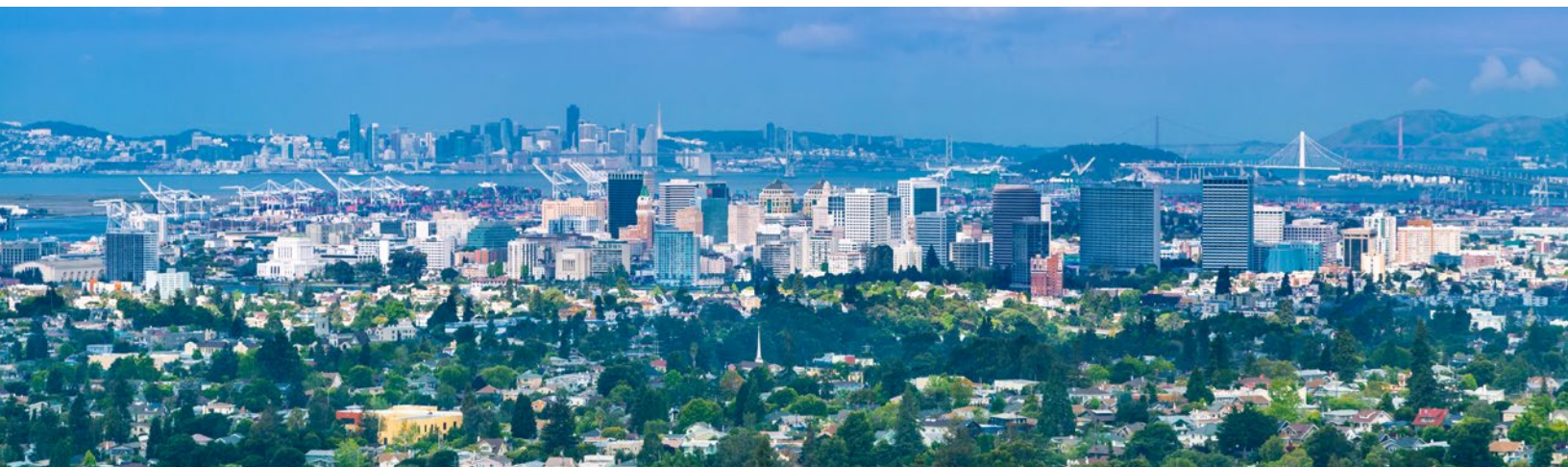
Increase community awareness and engagement

Additionally, this document establishes specific and measurable goals and key performance indicators in order to maximize limited resources. Given City staff and budget constraints, we have to invest and act responsibly and use objective criteria to determine which programs will have the best outcomes for the most residents. We will also start to focus on achieving racial equity by identifying, measuring, and implementing equitable development strategies in key areas.

This metric-based approach will also be a useful tool for tracking our progress, evaluating performance, and ensuring the City is accountable and living up to its commitments in an open and transparent way.

Although changing market conditions will impact our ability to achieve these goals over the next three years, knowing where we should be will help us focus on those areas most in need of intervention.

Our goal: to make Oakland an easy, efficient, and prosperous place to do business, and to reduce racial disparities and help all Oaklanders achieve economic security so that everyone has an opportunity to thrive.



This plan establishes the following high-level objectives:

1. Oakland's economy will continue to grow, with a 10% increase in per capita gross regional product by 2020.²
2. The number of Oaklanders making less than a living wage will be reduced by 50%.³
3. The asset poverty rate of African Americans (63%) and Latinos (69%) will be reduced by half.⁴

Over the next three years, the City will monitor and report progress on these objectives, taking remedial action as required. We will also develop office, industrial, and commercial space on City land to meet future demand and will support arts, culture, and tourism infrastructure, including the creation of new hotels and convention space. We will strive to maintain a balanced economy by using policy and planning tools to spur different kinds of development and land use, support a diverse range of business sectors, center racial equity and increase access to opportunities for marginalized communities.

The goal of this economic development strategy is to improve the quality of life for all Oaklanders, but reaching our stated goals requires not only collaboration with our community, but also across City government. To this end and to ensure coordination of resources and priorities,

we will convene representatives from the following City departments and stakeholder groups to participate in informal discussions on implementation of the strategy:

- Mayor's Office
- Council's Community & Economic Development Committee
- City Administrator's Office
- Economic & Workforce Development Department
- Planning & Building Department
- Housing & Community Development Department
- Department of Public Works
- Department of Transportation
- Department of Race and Equity
- Stakeholders such as Chambers of Commerce, East Bay Economic Development Alliance, and others.

The group will meet on a bi-monthly basis and provide oversight, direction and feedback on the implementation of the specific projects outlined in this document while also monitoring the City's progress on achieving its goals. To ensure transparency and awareness, regular status reports will be made three times a year at the Council's regular Community & Economic Development Committee meetings.

To support our high-level objectives, the City has set the following key specific and measurable goals for the next three years:

1. We will support more than 1,000 businesses each year
2. The economy will add 2,800 jobs each year
3. We will give 12,000 Oakland residents access to job training services each year
4. We will achieve a 90% business satisfaction rating for the City's assistance and services
5. We will support the construction of more than 4,250 new homes, including 1,200 below market rate homes and permanent supportive homes for the homeless, while protecting 5,000 households from displacement
6. Our public-private development investments will earn \$30 million in one-time revenues and \$16 million in annual City revenue to fund City services and programs
7. We will spend \$120 million on transportation and other public infrastructure – including repaving 1,100 City blocks – and other City facilities, including fire stations, libraries, and recreation centers
8. We will conduct a Racial Equity Analysis to evaluate existing conditions, analyze impacts, and maximize positive outcomes for communities of color, English learners, and low income communities.

² Oakland's per capita gross regional product includes earnings, income, and tax revenue.

³ Currently, 25% of Oakland households receive wages less than \$26,000 year, according to US Census data.

⁴ Asset poverty is a household's inability to access wealth resources that are sufficient to provide for basic needs over a three month period. In Oakland this figure is defined as \$6062 in savings or liquid assets.

Working for Today

Oakland's population has grown 7% since 2010, from 391,000 people to 420,000 people, while the number of working Oaklanders has grown almost 20% from 170,000 to 215,300. With these growth rates expected to continue, it is essential to address our immediate challenges and foster a stronger environment for investment while finding ways to give marginalized businesses and residents the tools and access they need to thrive now.

Under this economic development strategy, the City will focus on policies and programs that create stronger business environments, encourage investment, provide clean and safe commercial corridors, modernize industrial corridors, enhance business support services, foster public-private partnerships, and help train residents so they can access good-paying jobs. This strategy will help to ensure a sustainable balance between large and small businesses so they can produce more jobs, provide local services, and further contribute to the city's vitality.

Supporting Oakland's Businesses

Since 2010, Oakland has added over 4,000 businesses and diversified our sector portfolio. In addition to maintaining and growing our historic strength as the Bay Area's major health, transportation, and logistics hub, Oakland has also gained increasing local and national attention for its arts scene, solar and green energy cluster, food production, and "maker" movement of artisans, industrial fabricators, and manufacturers. The City will continue to support the growth of both our historic sectors as well as emerging ones, in order to achieve a thriving and equitable economic development program.

Under this strategy, the City will support Oakland's businesses both large and small. We will support the City's larger businesses – primarily hospitals and transportation agencies – to expand; to create local supplier, vendor, and community partnerships; and to access local talent. We will support emerging industry sectors,

helping entrepreneurs – especially people of color and women – to become business founders and attract investment and grow. Together with the City's investment in housing, transportation, infrastructure, and public spaces, these initiatives will help Oakland retain and attract business investment and the jobs and tax revenue this investment generates.



Supporting small businesses

Firms with 50 or more employees supply only one-fifth of the jobs in Oakland; 92% of Oakland's businesses have fewer than 20 employees. Small businesses are, therefore, a critical component in the City's economy as well as important sources of local goods and services, cultural staples for local communities, and vehicles for significant job growth as they expand.

To support new and existing small businesses, the City will follow the recommendations of the Small Business Task Force and create an ongoing advisory group that can work with staff to identify improvements which will create a stronger business support system. Through this advisory group we will make enhancements to business services including, but not limited to:

- Streamlined and simplified permit navigation
- Access to market research
- Location assistance
- Financing and technical assistance referrals
- Entrepreneurship education
- Succession planning
- Supporting the formation and expansion of incubators and industry-specific associations



These initiatives will be instrumental in helping bring new businesses to Oakland, while also retaining and expanding those already here. We have set goals of directly supporting the creation of 100 new businesses and servicing 500 existing small businesses annually. Our support of the Kiva Oakland program will allow 200 entrepreneurs a year to crowdsource loans that can generate \$6 million in economic impact by 2020. Additionally, the City will also conduct a targeted geographic outreach to at least 500 businesses in low-income neighborhoods each year to raise awareness of the availability of business support services.

In 2018, the City will re-position the Business Assistance Center to be a first-call contact for small businesses. The City will supplement business development staff with digital tools to guide more businesses through formation, financing, and permitting. This will include identifying resources, supporting the formation of local business organizations, and engaging philanthropic and business development partners. Finally, the City will provide an easy and transparent process to create worker-owned cooperatives.

Supporting businesses owned by people of color and women

While assisting all businesses will help our community overall, we are particularly concerned about addressing race and gender disparities and how to best live up to the ideals of Oakland's Race & Equity Ordinance.⁵ Not only is this the right thing to do, but it is the economically responsible thing to do. More than half of Oakland's businesses are owned by people of color and 48% are owned by women.⁶ Furthermore, between 2007-2012, both Latino- and Black-owned businesses in Oakland grew more than 50%. Black women are the fastest growing entrepreneur demographic in the United States.⁷

This base represents a competitive advantage and growth opportunity for Oakland, but we must do more to ensure its success. Despite growth of Latino/a- and Black-owned firms, employment and revenue numbers still lag behind white and male-owned Oakland businesses. In fact, revenues for businesses owned by people of color generated less than 10% of all business revenues in 2012, and revenues for women-owned businesses dropped 25% between 2007 and 2012.

Under this strategy, the City will make concerted efforts to help businesses owned by people of color and by women expand their capacity and market share.

Specifically, by 2020, we want to grow revenues by 40% for businesses owned by people of color and, during that same time frame, have women-owned businesses in Oakland exceed the growth rate of all businesses nationally.

To reach these goals, the City will intentionally target business support services designed to remove barriers for underrepresented populations and neighborhoods, with the goal of directly supporting over 600 businesses owned by people of color and women annually by 2020.

As an example, the Oakland Startup Network is a partnership with tech industry leaders supporting female tech entrepreneurs and entrepreneurs of color. The goal of this partnership is to engage 1,000 entrepreneurs over 18 months and incubate 30 startups for potential launch. When this program concludes in 2018, the City will seek partnerships and resources to replicate this effort and address racial wealth disparities in other sectors.

The City will also work with Oakland's ethnic Chambers of Commerce and other business service providers to strengthen business networks and establish supplier relationships, including hosting three workshops a year to support supplier certification and partnerships with public and private institutions.

⁵The Race & Equity Ordinance states that determinants of equity include "community economic development that supports local ownership of assets, including homes and businesses, and assures fair access for all to business development and business retention opportunities."

⁶Both exceed national averages where people of color and women own 30% and 36% of businesses, respectively

⁷US Survey of Business Owners

Developing Oakland's Workforce and Increasing Economic Security

To retain, attract, and grow successful businesses, a city needs to develop and foster a talented workforce, and for Oakland, this means finding pathways to ensure that current and long-term residents have access to postsecondary education and training programs that can equip them to compete and secure good-paying jobs and careers.

In recent years, the City has seen a significant increase in the labor force participation and employment rates across all demographics. However, while we want to maintain our low unemployment rate, we must also address income gaps and promote economic security for all residents. This means upskilling more

residents and removing barriers to employment for marginalized groups.

Over the next ten years, we will triple the number of college graduates from Oakland through the Oakland Promise. Additionally, over the next three years, 36,000 Oaklanders will access City-funded job training services, 50% of whom will earn an industry-recognized credential within one year and at least 70% will enter into stable, middle-income jobs. We will also monitor wage growth and working conditions for the City's lowest paid workers to track the impact of our interventions on income inequality and adjust plans as required.

Workforce development

Led by private sector businesses, the Oakland Workforce Development Board (OWDB) funds investments that help employers find qualified workers and assist some of Oakland's most disadvantaged residents with finding new or better employment opportunities.

Our workforce development programs will follow the four priorities outlined by the OWDB in 2017: (1) services to help businesses

source talent; (2) services for adult job seekers and workers who need more assistance to find a local job; (3) services for low-income youth; and (4) enhancing the network of local workforce development programs and strengthening their approach to serving local businesses.⁸

By 2021, the City will secure 6,000 work-based learning opportunities for young people, both in summer employment

and with an eye to career exploration and year-round opportunities. We will help 1,200 residents to be employed in local businesses and will encourage Oakland businesses to hire more residents, with the aim of serving 200 businesses each year and achieving 60% repeat participation from supported businesses. We will also seek to expand the use of workforce training programs to improve City services such as blight reduction and infrastructure maintenance while providing Oaklanders with skill sets for long-term employment.

Across all its initiatives, the City will pursue strategies to leverage non-City funding for the organizations which are developing and

training Oakland's workforce and young people, attracting an additional \$3 million for workforce training by 2021. We will also coordinate service provision to take account of regional initiatives, including the:

- East Bay Advanced Manufacturing Partnership (which will support 60 hires each year)
- East Bay Transportation and Logistics Partnership (which will support 100 hires each year)
- East Bay Information Communication Technology Partnership (which will support 50 hires each year)

Economic security

Historically, people of color in Oakland have had limited access to opportunities and may need greater assistance to enter our highly-competitive job market and become economically secure. The City will continue to invest in the Oakland Promise effort, a cradle-to-career initiative that aims to triple the number of college graduates from Oakland within the next decade. We will also continue to support local efforts to increase employment of under-represented demographics in the tech sector, by both supporting our local tech education providers and encouraging local companies to prioritize diversity and inclusion. Under this strategy, we will make our workforce development and support services more

accessible, inclusive and aligned with the key themes of the Resilient Oakland Playbook, namely: building a more trustworthy and responsive government, being rooted in our town, and building a more vibrant and connected city.

For example, we will encourage low-income residents to participate in banking and financial empowerment programs, increasing the number of residents who apply for the Earned Income Tax Credit by 20%. We will also collect and publish data on affordability and benefits gaps, including the evolving gig economy, to understand whether and how we might need to intervene in the future.

Improving Oakland's Economic Climate

To foster a friendly and inclusive climate for business creation, expansion, and growth, the City is committed to making our services more responsive to evolving business needs. With a growing and dynamic economy, we must ensure our internal operations can keep pace with demand and meet the expectations of a private sector that has ever-increasing choices of where to invest.

The City will improve coordination and collaboration between departments to make its processes – such as business, event, and development permitting – more predictable and efficient. We will also enhance departmental collaboration to facilitate faster response times and prioritize investments in infrastructure, public space, and safety.

Streamlined City services

By streamlining City services, we will reduce both the cost of operating a business in Oakland and the opportunity costs that arise from unnecessary delays for new businesses and development.

Departments are already expanding their use of digital tools to increase access to City Services and make essential permitting and licensing quicker and more predictable. By 2019, we will have reviewed and streamlined the policies and processes for all business-government interfaces, including tax, zoning, and code enforcement. As a result, we will achieve the following three goals:

- The City will issue 65% of Planning and Building permits within the same day (Currently, 60% of City Planning and Building permits are issued within the same day)
- The City will make all information about permitting, licensing, and business services available digitally, through a multi-lingual, mobile-friendly business portal
- The City will conduct an annual survey and achieve a 90% satisfaction rate from businesses for its services and support

Shared departmental responsibility

The creation of a positive environment for economic development goes well beyond business portals and streamlined licenses. Businesses often cite concerns about citywide issues, such as public safety, access to housing and transportation, homelessness, illegal dumping, and under-investment in public spaces and infrastructure, all of which impede business growth. Therefore, this strategy is built around a coordinated response that not only includes the Economic & Workforce Development Department, but also Planning & Building, Housing & Community Development, Public Works, Transportation, Police, Fire, and Race and Equity, as well as the offices of the Mayor and City Administrator.

For example, with Oakland rents rising faster in the last year than almost anywhere else in the nation, ensuring sufficient housing for our workforce is a key priority in general and in terms of economic development. To this end, over the next three years, the City will support construction of more than 4,250 new homes, including 1,200 below-market-rate homes and permanent supportive homes for the homeless, and will protect 5,000 households from displacement. This effort is in accordance with the City's Housing Equity Roadmap and Housing Cabinet recommendations to develop a longer-term strategy to protect 17,000 families from displacement and build 17,000 additional new housing units—including 5,600 below-market-rate.

In addition to housing, Oakland residents and employers need access to clean, affordable, safe transportation to be able to connect homes and jobs. The Transportation Strategic Plan and Capital Improvement Program will see the City spending \$120 million on infrastructure and capital improvements by 2019, including pedestrian, bicycle, vehicle, and transit accessibility programs and regional efforts to combat congestion and improve mobility. During this timeframe, the International Boulevard Bus Rapid Transit line will open and reduce travel times between East Oakland and Downtown by providing reliable service connections every seven minutes.

The City's Capital Improvement Program is allocating funding to make our streets and neighborhoods safer and more attractive and will include building and improvements to parks, fire stations, libraries, and sewer infrastructure. Additionally, the City will implement a new Oakland 311 Call Center and respond to 85% of calls for service to clean up illegal dumping within three business days.



Public-private collaboration

With limited City resources, we cannot improve our commercial corridors without engaging the private sector, which is why we will support the formation of new Business Improvement Districts (BIDs) with technical and other assistance. We will also pilot new funding models in 2018 (e.g., parking benefit districts) which would give new and existing BIDs the resources to make improvements to public safety and the public realm, through security cameras, lighting, and environmental design. Our most successful commercial corridors already have BIDs to help supplement City services, beautify neighborhoods, and attract business investment – a proven model we should expand.







Building for Tomorrow

Between 2017 and 2021, our population is forecast to increase by another 20,000 people (5%) and we will approach 500,000 residents by 2031.⁹ Part of adequately serving our current residents includes planning for our new residents – where they will live and work, and what transportation they will use. With this in mind, our economic development strategy cannot just look at what can be done in the near-term, but must also set the stage and align resources and programming to meet our future needs.

More broadly, we must use equitable economic development – including land and property development which account for more than 50% of City revenues – to generate much needed resources and revenues. As with every city, our primary sources of revenue – property tax, sales tax, hotel tax, business license tax, and utility tax – are all directly tied to economic activity and can grow through investments in land and buildings. As Oakland grows, these investments will directly support our ability to deliver safe, affordable housing, transportation and other public infrastructure, and general enhancements to quality of life.

Following the dissolution of the City’s redevelopment arm, our ability to invest in catalytic projects in weaker market neighborhoods has been reduced. To offset this loss, over the next three years, we will investigate new funding sources and policy tools to continue to spur land and property development. Without any new state or federal programs for local development, the City may need to consider allocating some of its proceeds from leases and land sales and revenues from new public-private projects to reinvest in future redevelopment-type activities such as land acquisition, buildings, tenant and façade improvements, and public infrastructure.

Priority Developments

Oakland currently owns over two dozen properties which – through partnerships with the development community – we will develop over the next six years, with timing dependent on the economic cycle and staffing levels. The City has approvals and has executed agreements with developers for 10 of these properties and we are aiming to complete their development in the next three years. We are in active negotiations with developers on another seven properties and our goal is to complete negotiations so that these projects can get underway within the next three years. The remaining sites require further analysis and community input before soliciting proposals from the development community.

Together, this first wave of priority developments is expected to create 2,300 homes, 4,000 construction jobs and 3,700 permanent jobs in the next three years. They will also contribute an estimated \$30 million in one-time benefits for the City and an additional \$16 million in annual fiscal revenues. Over the next 30 years, development of existing City properties will produce over 7,900 homes, 14,500 jobs, and over \$1.5 billion in City revenues. By 2020, revenues from these projects will exceed the investments required for their development.¹⁰

Development on Oakland’s public lands is both a significant source of revenue and a powerful tool to create equitable investment and development in marginalized communities of color. How to achieve and balance these goals will further be informed by policy changes and priorities established through a public lands working group and community input process. As a result, long-term revenue could be reduced while other community benefits are enhanced in each development project.

Under this strategy, we will also update and publish a portfolio asset management plan for all City-owned properties, which will include recommendations for better utilizing properties to meet community needs. Finally, the City will also create a program to encourage the tenanting and re-use of vacant properties to stimulate the private market and will conduct a thorough review of the real estate development permitting process to reduce costs and delays.



¹⁰ These projections are subject to change based on the outcomes and priorities of the current Public Lands working group.

Opportunity areas for development

Between 2011 and 2015, the City of Oakland adopted five Specific Plans, a Transit-Oriented Development Plan and a Climate Action Plan that presented a vision and program for sustainable, transit-oriented development. These plans, when implemented, will accommodate more than three-quarters of the City's future projected job growth – including more than 50,000 new jobs in the West Oakland, Broadway-Valdez, Lake Merritt, and Coliseum Specific Plan areas. We are also currently creating a Downtown Specific Plan as well as an Equitable Development Strategy which will guide the implementation of all Specific Plans.

The Downtown area has several, large City-owned sites and has attracted substantial development interest in the last few years.

Already, both Broadway-Valdez and Lake Merritt areas are attracting significant investment in real estate development and the current development pipeline for the Broadway-Valdez Plan Area aims to double the residential density projected in that Specific Plan – in fact, there are now 1,300 new, mixed-use homes and significant new ground floor retail space under construction, with 3,600 additional units in the pipeline.

The International Boulevard Transit-Oriented Development Plan will be boosted by the completion of the East Bay's first Bus Rapid Transit line. The City, AC Transit and community partners are working along this seven-mile corridor to ensure local businesses and residents benefit from this investment. As these areas continue to develop, we will monitor and evaluate their successes, lessons learned, and adapt accordingly.



Major development projects

There are two public private development projects in Oakland which will create enormous opportunities for the city: the 1,800-acre former Oakland Army Base Project and the 790-acre Coliseum Area.

Regarding the first opportunity, the City has formed a \$1.2-billion-dollar public-private partnership with the State of California, Alameda County Transportation Commission, and the Port of Oakland, to transform a 300-acre portion of the former Army Base into a modern logistics center. The first new facilities of the Oakland Global Trade and Logistics Center will open this year, adding new Class A industrial space, including a refrigerated warehouse and distribution facility, and increasing the Port's capacity. With a completion target of June 2020, this project will help improve air quality, neighborhood and roadway safety; create 5,881 direct, temporary, and permanent jobs; and generate \$187 million in economic activity annually, along with \$3.7 million annually in new tax revenue.

With respect to the second opportunity, the Coliseum Area is currently home to Oakland's three sports teams, but will

undergo significant changes in the next five years as two teams relocate outside Oakland and the third considers other sites within the city. These changes will create one of the largest, inner-urban, transit-served, redevelopment sites in California and has the potential to become a transformative, long-term development district for Oakland – which is approved for up to 6,500 permanent jobs, 4,000 homes, 1.5 million square feet of office space, 415,000 square feet of retail space, and 875 hotel rooms, potentially yielding \$20 million in annual revenue.

Under this strategy, the City will select and negotiate with developer(s) to redevelop the Coliseum and surrounding sites, add new infrastructure; and create a combination of new homes; commercial, industrial, retail, and hotel space; and associated amenities. There are many variables that will affect the timing of disposition and development of such a large site, but it is expected to be underway within 10 years and fully completed within 25 years.

Industry Sector Growth

Oakland has several industry clusters that drive its economic growth, including: healthcare, manufacturing, food and beverage production, transportation and logistics, high tech, green and clean tech, retail, and tourism and hospitality. Collectively, our key sectors support a diverse, resilient economy that offer a wide spectrum of employment.

Under this strategy, the City will:

- Develop or refresh the City’s sector growth strategies and supportive policies
- Engage in zoning updates and related regulatory processes
- Pursue sectoral infrastructure needs
- Provide individual business assistance
- Attract business relocations

As a result of these efforts, our goal is for 8,500 additional residents to be employed by our key clusters by 2020.

While the City will support the growth and resilience of all of Oakland’s key sectors, we will focus particularly on retail and manufacturing – including advanced manufacturing, logistics, and food and beverage production. These key sectors are changing rapidly and provide accessible, entry-level and mid-level jobs with a demonstrated demand for local workers, and are also more responsive to local public sector interventions. Furthermore, Oakland has considerable strengths that make the City attractive to both manufacturing and “maker” economies, improving our chance to grow market share and maximize our resource investment.



Manufacturing, logistics, food and beverage production

The marriage of advanced manufacturing techniques with information technology, data, and analytics, combined with rising costs in overseas manufacturing hubs and a desire to bring production closer to companies' research facilities, are all stimulating a resurgence in manufacturing across the United States. Given Oakland's central location, transportation access, and port, we have an opportunity to capture a large share of this activity and, with it, many good-paying jobs for diverse groups of workers.

California has the highest number of manufacturing jobs in the United States and manufacturing is a mainstay of Oakland's economy. Oakland's manufacturers are concentrated on a large swath of industrial land in East Oakland between International Boulevard and Interstate 880. There is also a large cluster of companies in Oakland's oldest neighborhood of West Oakland. Oakland airport and seaport are the Bay Area's primary center for goods movement. The Port of Oakland's land provides 1,300 acres for maritime use and 2,600 acres for aviation.

Oakland's manufacturers are highly diverse, ranging from the 110-year-old industry leader, AB&I Foundry, to the leading edge newcomer, Impossible Foods. The City has particular strengths in electronics and metal fabrication, food and beverage, and apparel and sewn products. It is a center for food production and distribution attributable to its central location, plentiful facilities, and proximity to the airport, port, and primary intermodal transit facilities. Its innovative "makers" are also marrying advanced technologies and artisanal methods.

Oakland has a highly skilled manufacturing workforce and a multi-layered training and incubation system, including excellent community colleges with programs in manufacturing skills and technology. The city currently boasts nearly 6,500 jobs in manufacturing that make up 4% of the city's workforce and 10% of gross regional product. Under this strategy, the City wants to see an additional 400 manufacturing jobs created, with manufacturing contributing 12% to the city's economy by 2020.

To achieve this goal, the City will need to strike a balance between the development of cannabis-related industries and other manufacturing sectors. We will protect zoning for industrial land and leverage private investment to encourage the rehabilitation of older, industrial building stock and will invest in infrastructure and promote Oakland as a center for new manufacturers and manufacturing R&D.

We will help makers and small manufacturers address rising rents, innovate, grow, and access new supply chains and markets. The City will also continue to invest in, and promote, training pathways for local residents to secure apprenticeships and jobs in manufacturing and will promote manufacturing as a viable career.

We will promote our central location, our proximity to the airport and port, and our primary intermodal transit facilities to potential manufacturing investors and will also highlight our highly-skilled workforce and excellent community colleges with programs to train and incubate talent. Further, we will invest in additional manufacturing training pathways.

Retail

Oakland has 55 shopping districts and more than 50 regional and national retailers. Many areas in the city are known for unique boutiques, art galleries, and pop-up shops created by ambitious local entrepreneurs and artisans selling locally made, one-of-a-kind Oakland products.

However, despite the presence of these retailers, Oakland has an estimated retail sales leakage of \$1 billion, largely due to a dearth of general goods merchandisers located within the city, in contrast to Emeryville and San Leandro. Furthermore, gaps also exist in parts of the city for other items, such as healthy food and groceries. If those goods were available, sales could generate \$10 million more in sales tax revenues and over 10,000 new jobs.

In 2018, we will update our retail strategy and action plan in partnership with the retail



sector, emphasizing livable neighborhoods, great streets, vital shopping districts, and sustainable livelihoods. While continuing to support the attraction of major retail tenants to Upper Broadway, Broadway Valdez, and Uptown, we will put a stronger emphasis on increasing access to daily needs, products and services in East and West Oakland, securing five new permanent retailers and five new popup or temporary retail vendor locations, including along the new Bus Rapid Transit route on International Boulevard. Staff will also market reuse and ground-up development opportunities on other arterials to developers, maintaining a list of businesses in growth mode that could populate these arterial spaces. Together, these activities will create 1,000 additional retail jobs and reduce vacant properties.

Tourism and hospitality

The city's tourism industry continues to be an important engine for growth supporting more than 7,100 local jobs. Earlier this year, Visit Oakland announced that the City welcomed a record 3.7 million visitors in 2016, which generated an estimated \$827 million of economic impact. In fact, tourism spending – which is spread across a diverse group of businesses, attractions, and cultural institutions – helped to offset the tax burden by an average of \$466 per household. Additionally, the sector created a large number of entry-level jobs, which can pave the way for management-level positions and long-term careers.

Over the next 20 years, global tourism numbers are expected to double, and Visit Oakland has set a target of attracting 7.5 million annual visitors by 2025. To achieve this ambitious

goal, the City will need to expand its tourism infrastructure. With only 5,000 hotel rooms, operating at an average 74% occupancy (significantly higher than the national average of 65.5%), demand is already outpacing supply. In fact, Oakland's hotel demand has increased 20% since 2010, while our supply of hotel rooms has dropped 4% during the same period. The lack of hotel rooms is compounded by a lack of convention and meeting space and, as a result, the city is currently unable to bid and compete for many conventions and large-scale events.

To help combat these issues, the City will identify sites for hotels and meeting space and encourage adaptive re-use hotel projects. We will also attract hotel developers and operators and explore co-investment opportunities with the industry.

Culture and the arts

Oakland's culture and arts scene is renowned across the country, and is an essential part of the fabric of our City that fosters a sense of pride and belonging among our residents. From a purely economic perspective, culture and arts supported over 7,000 jobs in 2014 while playing an important role in supporting our digital design and wider creative industries. From an external perspective, culture and arts – galleries, festivals, visual and industrial arts, the rich music scene, vast number of writers and dancers, as well as theaters and other performing arts groups – are strong draws for visitors, entrepreneurs, and business managers seeking vibrant locations to move or expand.

Given these social and economic benefits, we will actively support this sector's growth and will publish a Cultural Development Plan in 2018. Under the theme of "Belonging in Oakland," the equity-driven plan will identify cultural assets and address issues such as access to and preservation of affordable

arts space, talent development, wages, public art and private development, cultural districts, interdepartmental coordination, and providing more authority and resources to a new Cultural Arts Commission. Through this plan, the Downtown Specific Plan and other initiatives, our goal is to grow both the arts sector's employment and event attendance by 5% over the next three years and produce measurable outcomes on cultural equity.

By working with foundations and other funding partners, we will help 100 cultural organizations maintain or purchase secure, affordable, arts production and performance spaces. We will provide technical assistance on, for example, real estate and business skills, to make arts and culture organizations more resilient. The City also proposes to contribute 50,000 square feet of affordable rehearsal, studio, and performance space when the Calvin Simmons Theater at the Henry J. Kaiser Convention Center re-opens in 2020.

Attracting businesses into key industries

The City wants to attract more businesses and foreign direct investment to Oakland because of the benefits they bring in terms of productivity, jobs, property improvements, and City revenue. Over the next decade, more than 7,000 international companies will look at locations for an overseas headquarters. As awareness of Oakland grows both nationally and internationally, we have an opportunity to capture a share of these projects.

With this as our goal, the City will develop compelling propositions to attract target businesses to Oakland's manufacturing, logistics, food and beverage production, arts, tourism, and retail clusters. Through marketing and industry outreach, we will communicate

our aspirations to build a just, sustainable economy in a way that enhances our attractiveness to key target businesses and investors. We will also promote our development opportunity sites to meet investors' needs. Additionally, we will redesign the City's economic development website and work with the East Bay Economic Development Alliance and the Governor's Office of Business and Economic Development to better position and promote Oakland.

Through these initiatives, together with our partners, we will attract projects in key industry sectors which will create more than 5,000 jobs over the next three years.



Implementation

Goals and action steps	Indicators	2018	2019	2020	City Lead
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High-level objectives

Increase economic productivity	Per capita GDP increases by 10%			✓	EWD
Increase economic security	The number of Oaklanders making less than a living wage reduced by 50%			✓	Mayor's Office, EWD
Reduce income disparity	The asset poverty rate of African Americans and Latino/as reduced by 50%			✓	Mayor's Office

Goals and action steps	Metrics and targets	2018	2019	2020	City Lead
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Combined strategy goals

Support Oakland businesses	1,000 supported businesses innovate, grow, and access new markets	✓	✓	✓	EWD-BD
Create jobs	2,800 jobs are created in the local economy	✓	✓	✓	EWD
Train the workforce	12,000 Oaklanders are given access to job training services	✓	✓	✓	EWD-WD
Improve City services	Business satisfaction with City assistance and services is 90%		✓	✓	EWD-BD
Build homes and preserve affordability	4,250 new homes are built (1,200 below market or permanently supportive) and 5,000 households are protected from displacement			✓	Multiple (HCD)
Generate City revenue	Public-private developments earn \$30m in one-time and \$16m in annual City revenue			✓	EWD-PPD
Invest in transportation	\$120m is spent on transportation and other public infrastructure and city facilities			✓	DOT, PWD
Reduce Racial Disparities	A Racial Equity Analysis is completed analyzing impacts and maximizing positive equity outcomes		✓		EWD

CAO = City Administrator's Office

DOT = Department of Transportation

EWD = Economic & Workforce Development Department

EWD-Army Base = Army Base Development team in EWD

EWD-BD = Business Development team in EWD

EWD-Cultural = Cultural Affairs team in EWD

EWD-PPD = Public Private Development team in EWD

EWD-Real Estate = Real Estate asset management team in EWD

EWD-WD = Workforce Development team in EWD

HCD = Housing & Community Development Department

PBD = Planning & Building Department

PWD = Public Works Department

Working for Today

Goals and action steps	Metrics and targets	2018	2019	2020	City Lead
Supporting Oakland businesses					
Create a small business advisory group	The group is up and running	✓			EWD-BD
Support business creation	100 businesses are created, which the City has supported	✓	✓	✓	EWD-BD
Support small businesses	500 small businesses are supported to innovate, grow, and access new markets	✓	✓	✓	EWD-BD
Help small businesses to access finance	200 entrepreneurs have crowdsourced loans	✓	✓	✓	EWD-BD
Raise awareness of business support services in low-income neighborhoods	500 supported, small businesses in low-income neighborhoods understand what business support services are available	✓	✓	✓	EWD-BD
Reposition the Business Assistance Center	The Center is re-positioned as a first-call contact	✓			EWD-BD
Encourage business organizing, growth, and attraction in underserved city neighborhoods	A pilot program is evaluated and a decision taken to expand or end the program	✓			EWD-BD

Supporting small businesses owned by people of color and women

The City will monitor the following indicators, taking remedial action as required: that, by 2021, revenues generated by businesses owned by people of color in Oakland have grown by 40%; and that revenues generated by women-owned businesses in Oakland are exceeding the growth rate of all businesses nationally.

Goals and action steps	Metrics and targets	2018	2019	2020	City Lead
Support female tech entrepreneurs and entrepreneurs of color	600 entrepreneurs are supported to innovate, grow their businesses, and access new markets	✓			EWD-BD
Expand support programs which help female entrepreneurs and entrepreneurs of color to other sectors	The Oakland Startup Network program has been replicated		✓	✓	EWD-BD
Strengthen business networks for people of color	Three workshops to support supplier certification and partnerships are held	✓	✓	✓	EWD-BD

Developing Oakland's workforce and increasing economic security

Workforce Development

Help local businesses to hire local trainees	200 Oakland businesses are supported to hire local residents with 60% of businesses repeating participation. 1,200 additional residents are employed in local businesses		✓		EWD-WD
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Goals and action steps	Metrics and targets	2018	2019	2020	City Lead
Developing Oakland's workforce and increasing economic security					
Workforce Development					
Provide job training for Oaklanders	36,000 Oaklanders access city-funded job training services (12,000 annually)	✓	✓	✓	EWD-WD
Provide Oaklanders with industry-recognized credentials	50% of adult participants in city-funded training programs receive an industry-recognized credential within one year	✓	✓	✓	EWD-WD
Provide pathways from training into work for Oaklanders	70% of adult participants in city-funded training programs get a stable, middle income job	✓	✓	✓	EWD-WD
Provide work-based learning opportunities to young Oaklanders	2,000 young people undergo work-based learning annually	✓	✓	✓	EWD-WD
Expand the use of Workforce training programs for blight reduction	New training positions are added in blight reduction and public infrastructure maintenance	✓			PWD
Economic Security					
Encourage low-income residents to participate in banking and financial empowerment	The number of low-income residents who apply for the Earned Income Tax Credit increases by 20%			✓	Mayor's Office
Ensure that every Oakland youth graduates high school with the expectations, resources, and skills to be successful in the career of his or her choice	The number of Oakland high school graduates who go on to graduate from college triples	✓	✓	✓	Mayor's Office
Improving Oakland's economic climate					
Streamlined city services					
Review and streamline policies and processes for all business-government interfaces	All processes are streamlined	✓			CAO
Issue planning and building permits more quickly	65% of all planning and building permits are issued within one day	✓	✓	✓	PBD
Provide business information digitally	A multi-lingual portal, which contains all permitting, licensing and business services information, is published	✓			EWD- BD
Improve business satisfaction rates with City support and services	Business satisfaction with City assistance and services is 90%		✓	✓	EWD- BD
Shared departmental responsibility					
Build more homes	4,250 new homes, including 1200 below market rate homes and supportive housing for the homeless, are built			✓	PBD, HCD
Preserve below market rate homes	5,000 properties are acquired and rehabilitated			✓	HCD
Build infrastructure and make capital improvements	\$120m is spent on transportation infrastructure	✓			DOT, PWD
Reduce illegal dumping	A new Call Center is created and 85% of calls for service to clean up illegal dumping are answered within three business days	✓	✓	✓	PWD
Public-Private Collaboration					
Encourage the creation of additional business improvement districts	New BIDs are created			✓	EWD-BD
Pilot new funding models for public safety and public realm improvements	The pilots are evaluated and funding is raised for improvements in 20 locations	✓	✓	✓	EWD, DOT

Building for Tomorrow

Goals and action steps	Metrics and targets	2018	2019	2020	City Lead
Building for tomorrow					
Investigate new funding sources and policy tools to spur land and property development	Significant new funding sources are secured			✓	EWD-PPD
Priority developments					
Develop priority sites	17 City-owned properties are developed and 12 are ready for development			✓	EWD-PPD
Create a program to encourage the teanting and re-use of vacant properties	The program is created		✓		PBD
Review the real estate development permitting process	The review is published, with recommendations to reduce costs and delays	✓			PBD
Publish a portfolio asset management plan	A plan is published, which includes strategies for better utilizing properties to meet community needs	✓			EWD- Real Estate
Major development projects					
Develop the Oakland Army Base	The development remains on track to create 5881 jobs and \$3.7m new tax revenue annually	✓	✓	✓	EWD - Army Base
Develop the Coliseum Area	A developer is selected			✓	EWD-BD
Industry sector growth					
The City will monitor the following indicators, taking remedial action as required: that, by 2021, employment in Oakland's priority industry sectors has increased by 8,500.					
Goals and action steps	Metrics and targets	2018	2019	2020	City Lead
Support priority industry sectors	Sector strategies for each of Oakland's priority sectors are published or refreshed	✓			EWD-BD
Manufacturing, logistics, food, and beverage production					
The City will monitor the following indicators, taking remedial action as required: that, by 2021, Oakland's manufacturing sector is contributing 12% to the City's economy.					
Goals and action steps	Metrics and targets	2018	2019	2020	City Lead
Support/attract manufacturing, logistics, and food and beverage production jobs	400 additional manufacturing jobs are created			✓	EWD-BD

Retail

The City will monitor the following indicators, taking remedial action as required: that, by 2021, employment in Oakland's retail sector has increased by 1,000; that more residents are able to access to healthy food; and that there are fewer vacant properties.

Goals and action steps	Metrics and targets	2018	2019	2020	City Lead
New neighborhood retail	Five new permanent retailers, and five pop-up or temporary retailers are created in underserved neighborhoods		✓		EWD-BD
Revisit Oakland's retail strategy and action plan	An updated strategy and action plan are published	✓			EWD-BD
Attract new retailers	New retailers are attracted to Upper Broadway, Broadway-Valdez and Uptown	✓	✓	✓	EWD-BD

Tourism

The City will monitor the following indicators, taking remedial action as required: that Oakland remains on target to attract 7.5 million visitors by 2025.

Goals and action steps	Metrics and targets	2018	2019	2020	City Lead
Expand tourism infrastructure	Identify sites for hotels and meeting space, attract hotel developers and explore co-investment opportunities			✓	EWD-PPD

Culture and the arts

The City will monitor the following indicators, taking remedial action as required: that, by 2021, employment in Oakland's arts and cultural sector, as well as attendance at arts and cultural events in the City, have increased by 5%.

Goals and action steps	Metrics and targets	2018	2019	2020	City Lead
Develop a Cultural Arts plan	A Cultural Arts Plan is published	✓			EWD-Cultural
Support arts and culture organizations to stay and grow in Oakland	100 cultural organizations access affordable space through grants, technical assistance and creation of new, affordable space	✓	✓	✓	EWD-Cultural, Mayor's Office
Re-open Calvin Simmons Theater	The theater is re-opened and affordable to local arts organizations			• ✓	EWD - PPD

Attracting businesses to key industries

The City will monitor the following indicators, taking remedial action as required: that, by 2021, Oakland has attracted businesses which have created 5,000 new jobs in the City

Goals and action steps	Metrics and targets	2018	2019	2020	City Lead
Develop propositions for business and investment attraction	Compelling propositions are published and communicated to target businesses and investors	✓			EWD-BD
Redesign economic development website	New website is published	✓			EWD-BD



Acknowledgments

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Libby Schaaf

Oakland City Council

District 1 – Dan Kalb

District 2 – Abel J. Guillen

District 3 – Lynette Gibson McElhaney

District 4 – Annie Campbell Washington

District 5 – Noel Gallo

District 6 – Desley Brooks

District 7 – Larry Reid

At-Large – Rebecca Kaplan

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The project team would like to thank the City Administrators Office, Planning Department, Public Works Department, Human Services Department, City Resiliency Team, consultants Strategic Economics and Community Design & Architecture, Civic Innovation Fellows Sergio Suarez and Kirsten Lundgren, and the many members of Oakland's economy who participated in focus groups, meetings, and online during the development of the Strategy, including the efforts and input of the Small Business Task Force.

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