

Alameda County Case Study

Alameda County continues to struggle through the current recession. **The unemployment rate in Alameda County reached a high of 11.9% in March, up 125% from 2008.**ⁱ In Oakland, the largest city in Alameda County, unemployment swelled to 17.8%. The housing market bottomed out with **1 in 161 housing units receiving foreclosure notices in March 2009 alone.** Alameda County ranks number thirteen in the country in house values and property tax base loss due to this crisis.ⁱⁱ In 2008, 38,797 properties underwent Foreclosure in Oakland. These properties were concentrated most heavily in East Oakland zip codes 94605, 94603 and 94621.ⁱⁱⁱ The areas of Alameda County with the highest rates of foreclosure are areas of the greatest concentrations of low income and African American and Latino residents. Moreover, in these areas “subprime” loans were aggressively marketed to people of color.^{iv}

In response, the American Recovery and Reinvestment Act of 2009 (ARRA) **poured \$2.7 billion into the county**, one of the highest disbursements in the state, including \$891 million for education and \$25 million for transportation infrastructure. This large scale investment by the federal government will diminish the impact of the recession in Alameda; however, without proper oversight, these funds may not reach those most in need. Moreover, in order to understand the affect of ARRA in Alameda County, it is critical to detail how funds were distributed to date, and who benefitted most from the millions of dollars invested in the region. Research shows that neighborhoods with the highest foreclosures have received some of the lowest ARRA funds.

Sampling of Alameda Zip Codes Foreclosure, People of Color, and ARRA Funding

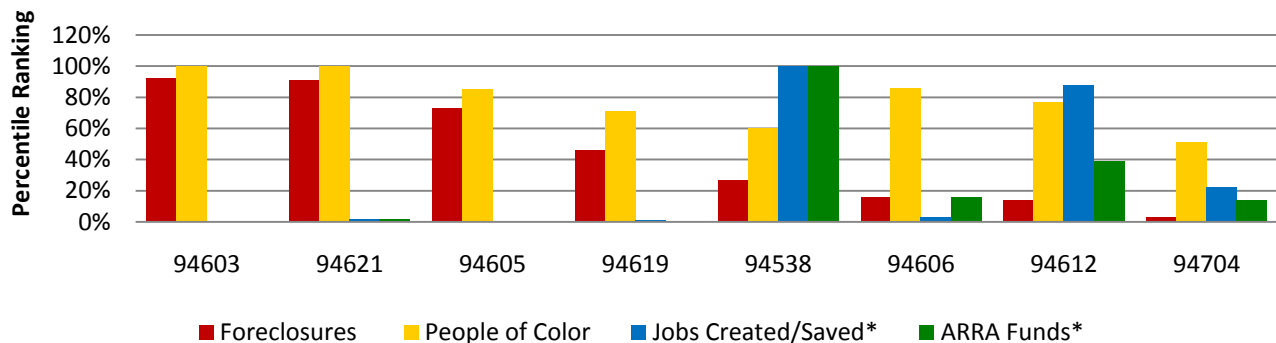


Figure 1: Methodology All Categories are based on a percentage ranking. The Highest value constitutes 100% and lowest 0%.^{v,vi} *Zip code 94607 is excluded from calculations because its allocation is so much higher than any other.

Disparities

The state can, and should, improve its distribution of funds to ensure that disadvantaged neighborhoods receive much needed investment. On the surface, high unemployment in Alameda County was met with a high funding allocation. However, local level data demonstrates that impacted communities received demonstrably less funding. In Alameda County, ARRA funding and job creation is concentrated among few major grants, **with 75% of the entire county’s funds awarded to 4 grantees in 3 zip codes.** These grants generated 1164 jobs but those opportunities are not accessible to the neighborhoods most affected by the foreclosure crisis.

75% of funds for the county were awarded to 4 grantees in 3 zip codes.

An excellent example of highly concentrated funding is found in the city of Oakland, where zip codes 94603 and 94607 typify the reason why accountability and clarity are crucial to an equitable recovery. Zip code 94603 has the second highest foreclosure rate in the county and received **\$0 in ARRA funds** while zip code 94607 received the highest allocation in the county at **\$1.5 billion.** The largest grant recipient in the zip code is the regional headquarters for the University of California System, and these funds will be funneled to the rest of the state through the UC system.

“ARRA provides an opportunity to improve local hiring and state distribution of funds to local communities in need of economic help.”

Grantee Profile # 1: *Solyndra Inc.* received a loan of \$535 million in funding to develop, construct, own and operate a thin-film solar panel manufacturing facility. The company created 541 jobs in the construction of the plant.

Grantee Profile # 2: *Dale Hardware Inc.* received a small business loan of \$3.5 million and not only created 50 new jobs, hiring locally, but also invested in expanding their facilities that will lead to more jobs in the future.

Workforce

California and Alameda County should concentrate on providing equally accessible, decent paying jobs and job training that will provide long term security for residents. Alameda received only \$16 million for labor development, funded primarily through federal Workforce Investment Act (WIA) Grants and funneled primarily through the county. These grants provide employment services, work readiness and occupational skills training for unemployed adults and assist at-risk youth improve their opportunities in the labor market.^{vii} One of the larger grantees, the Peralta Community College, received almost \$2 million in WIA funding and created a pre-apprenticeship and renewable energy systems training program assisting local at-risk students access skills needed in the emerging green economy. WIA grants funding is crucial to places like Oakland whose residents are saddled with disproportionate levels of unemployment, nonetheless investing only **0.6% of funds** towards these vital services in unacceptable and will not address the needs of local communities.

Alameda County also received \$731 million dollars for transportation projects, including the Alameda-Contra Costa Transit District, with the 5th highest infrastructure funding in the state at \$25.7 million. Again, concentrated funding and lack of job creation cloud this important investment. Infrastructure provides an opportunity for short term employment and infrastructure investment for the county. In Alameda this opportunity is not supported by job training, limiting access to well paying, albeit temporary jobs.

Accountability

There are a number of decision-makers we need to hold accountable:

- Private vendors that can provide local and high paying jobs to communities in need.
- Local government that decide on what funds to apply for and where funds are spent within our schools, health programs and social services.
- State departments that decide on where funds should be targeted and the timing of release of dollars.

These are decision points where your voice can have an impact.

Not only has the state failed to provide targeted funding equitably, the lack of good data limits the ability of citizens to hold leaders accountable. Research has shown missing and incomplete data throughout each report distributed by the Governor's "Recovery.ca.gov" task force; a problem the Governor's task force must rectify. In addition they need to ensure they are collecting ethnicity, gender, zip code and wage level data for jobs created or we can never know the real impact of such funding. You can make a difference by getting involved. For info on what you can do contact us at info@voiceofcalifornia.org or call us at 213.489.3776

ⁱ"Local Area Profile" Ca Employment and Development Department edd.ca.gov

ⁱⁱCenter for Responsible Lending "Subprime Spillover" <http://www.responsiblelending.org/mortgage-lending/research-analysis/subprime-spillover.pdf>

ⁱⁱⁱ Realtytrac.com

^{iv} Bostic RW and Lee KO. "Mortgages, Risk and Homeownership among Low- and Moderate-Income Families." *American Economic Review: Papers and Proceedings* 2008; 98(2): 310-314

^v Data from: California Recovery Task Force at www.recovery.ca.gov, Department of Housing and Urban Development www.HUD.gov, Community Economic Development Agency for Alameda County 2009 estimates <http://www.co.alameda.ca.us/cda/>

^{vi} Foreclosures calculated comparing Foreclosure data supplied by the Department of Housing and Urban Development to Total Housing Units per zip code, data supplied by San Diego Association of Governments

^{vii} Recovery.ca.gov "Award Summary" <http://recovery.ca.gov/viewAwardDetails.do?tasNumber=16-0184&isFederalAward=FALSE&awardId=56&subRecipientId=5460&category=Labor>