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TO: Oakland City Councilmembers and community

FROM: Councilmember Pat Kernighan

RE: Affordable Housing Proposals for Council Workshop of February 19, 2008

I offer the following comments and proposals for consideration and discussion at the housing policy workshop.

Inclusionary Zoning:

I support the recommendations of the Blue Ribbon Commission on IZ. These recommendations were made after consideration of the community's need, economic feasibility study, and exhaustive discussion and consensus by advocates on both sides of the question. It is a fair and balanced proposal. I believe the Council should honor the decision of the BRD.

Adoption of an IZ Ordinance should be done at the same time as a modification of the current Condominium conversion ordinance.

Condominium Conversion:

I believe it is possible to fashion a condo conversion ordinance that creates new homeownership opportunities for moderate income residents while minimizing the loss of currently affordable market rate units.

Policy goals:

- Creation of homeownership opportunities to moderate income people,
- Balancing the income mix in predominately low income neighborhoods
- Balancing ownership with rental in areas with low homeownership
- Protecting existing tenants in buildings to be converted

Key points in a condo conversion program:

- Include 2-4 unit buildings in the cap
- Establish cap at relatively low level, such as 150 per year, but allow exceptions to the cap for conversions that do not have substantial negative impacts, such as:
 - buildings with 80% tenant purchase
 - condo units affordable at 100% or 120% AMI
 - buildings located in census tracts with low ownership rate and high concentrations of low incomes (metrics to be determined)
 - buildings occupied by owners who own as tenants-in-common or joint tenancy
 - "luxury" buildings, determined by already high rental rates (metrics to be determined)

■ Tenant protections

- Lifetime lease for seniors and disabled
- Just Cause protection for all tenants in converted building means no tenant is forced to move on account of conversion of the building. Apartments are remodeled only after tenant voluntarily leaves.
- Developer not allowed to empty out building for purpose of conversion
- Costs of capital improvement or increased debt service within 18 months of conversion cannot be passed on to tenants
- Tenants receive rent reduction for major disruption due to construction activity
- Tenant notice of rights, referrals to counseling agencies, etc.
- Tenants have first right to buy for specified period
- Tenants get discount on purchase (10 to 15%)
- Relocation payment to tenants who choose to leave within specified period
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■ Conversion Fee in Lieu of creation of replacement rental housing.

--Fee based on a percentage of unit sales price. E.g., 10%

--Fee to be used for creation of housing trust fund for low income families

--Fee assessed on all units, regardless of whether unit is included in the cap, with following exceptions:

- 2-4 unit buildings outside the impact area
- For units affordable to 120% or less AMI buyers
- For unit purchased by sitting tenant, unless purchase price exceeds \$800,000
- For building when all units occupied by tenant-in-common or joint tenancy owners

■ Enforcement

--Direct staff to create appropriate enforcement mechanisms

--Annual report to City Council on all conversions, regardless of whether included in the cap, including price at which units sold, number of condos purchased by existing tenants, previous city of residence of buyers, and tenant assistance provided.

Other Affordable Housing Proposals

I agree with most of Councilmember Brunner's proposals, except I don't support a housing bond until after bonds have presented to the voters for the City's critical infrastructure needs such as sewer and storm drain repair.