

CITY OF OAKLAND

BILL ANALYSIS

2011 MAR 17 PM 5:45

Date: March 24, 2011

Bill Number: AB 184 - Seismic Safety Finance Act

Bill Author: Assembly Member Sandre R. Swanson - Oakland/ Alameda/ Piedmont

DEPARTMENT INFORMATION

Contact: Ray Derania
Deputy Director - Building Official

Department: Community and Economic Development Agency – Building Services

Telephone: 510/ 238-4780 **Facsimile:** 238-2263 **E-mail:** rderania@oaklandnet.com

RECOMMENDED POSITION: (SUPPORT, SUPPORT IF AMENDED, NEUTRAL,
WATCH, OPPOSE, NOT RELEVANT)

Mayor Quan, Council President Reid, and the Community and Economic Development Agency recommend SUPPORT for Assembly Bill 184.

Summary of the Bill

Assembly Bill 184 (Swanson) is a re-submittal of a similar bill that was vetoed last year by former Governor Schwarzenegger. AB 184 would add a new section 5899 to the Contractual Assessment Program statute (repayment by property owners of public financing for energy and water conservation improvements) in the California Streets and Highways Code. Cities would be allowed to voluntarily create assessment districts to finance the construction costs for property owners to seismically retrofit residential, commercial, industrial, and agricultural buildings.

AB 184 does not provide for any state funding.

Positive Factors for Oakland

AB 184 would allow Oakland to establish voluntary assessment districts for property owners who want to seismically retrofit their homes, condominium and apartment buildings, and commercial and industrial properties, and then repay the funding through their property taxes (general levy). Existing state law limits the total annual payment of property taxes and assessments to not more than five percent (5%) of a property's market value.

Since alternative funding sources would have to be identified by Oakland to implement a seismic retrofit financing program, AB 184 would not directly impact the City's budget.

Item: _____
Rules Comte
March 24, 2011

Negative Factors for Oakland

Since AB 184 would not mandate the creation of an assessment district, there are no negative factors for Oakland. Although the City would have to identify a funding source(s), AB 184 would establish the legal basis to create a public financing and private repayment program for seismically retrofitting existing buildings in Oakland.

PLEASE RATE THE EFFECT OF THIS MEASURE ON THE CITY OF OAKLAND:

- Critical (top priority for City lobbyist, City position required **ASAP**)
- Very Important (priority for City lobbyist, city position necessary)
- Somewhat important (City position desirable if time and resources are available)
- Minimal or None (do not review with City Council, position not required)

Known Support: _____, _____, _____

Known Opposition: At this time, there is no known opposition.

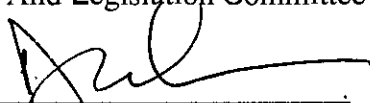
The proposed bill text and state legislative analysis is attached.

Respectfully submitted,



Walter S. Cohen, Director
Community and Economic Development Agency

Approved And Forwarded To The
Rules And Legislation Committee


Office Of The City Administrator

Item: _____
Rules Comte
March 24, 2011

LEGISLATIVE COUNSEL'S DIGEST

AB 184, as introduced, Swanson. Contractual assessment programs: seismic safety improvements.

Existing law, the Improvement Act of 1911, authorizes a public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within which public agency officials and individual property owners may enter into voluntary contractual assessments to finance the installation of specified improvements that are permanently fixed to those owners' real property, as specified.

This bill would enact the Seismic Safety Finance Act, which would expand these provisions to also authorize contractual assessments to finance the installation of seismic strengthening improvements that are permanently fixed to real property, as specified. The bill would define "public agency," for purposes of financing the installation of seismic strengthening improvements, to mean a city, county, or city and county.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares that this act shall be known as the Seismic Safety Finance Act.

SECTION. 2. Section 5899 is added to the Streets and Highways Code, to read:

5899. (a) The Legislature finds and declares all of the following:

(1) It is the intent of the Legislature to address seismic safety needs throughout this state by permitting voluntary individual efforts to improve the seismic safety of homes and buildings. The Legislature further intends that this chapter should be used to finance the installation of seismic strengthening improvements that are permanently fixed to residential, commercial, industrial, agricultural, or other real property, including, but not limited to, the seismic strengthening of cripple walls and sill plate anchorage of light, wood-framed buildings.

(2) The upfront cost of making residential, commercial, industrial, agricultural, or other real property more seismically safe prevents many property owners from making those improvements. To make those improvements more affordable and to promote the installation of those strengthening improvements, it is necessary to authorize an alternative procedure for authorizing assessments to finance the cost of seismic strengthening improvements.

(3) A public purpose will be served by a voluntary contractual assessment program that provides the legislative body of any public agency with the authority to finance the installation of seismic strengthening improvements that are permanently fixed to residential, commercial, industrial, agricultural, or other real property.

(b) For purposes of this section, the following terms shall have the following meanings:

(1) For the purpose of financing the installation of seismic strengthening improvements, "public agency" means a city, county, or city and county. The definition of "city" in Section 5005 shall not apply to this paragraph.

(2) "Seismic strengthening improvements" means permanent seismic safety improvements fixed to residential, commercial, industrial, agricultural, or other real property.

(c) The legislative body of any public agency may designate an area, in the manner provided pursuant to Section 5898.20, within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance the installation of seismic strengthening improvements that are permanently fixed to real property pursuant to this chapter.

(d) For purposes of establishing a voluntary contractual assessment program relating to seismic strengthening improvements, the legislative body shall make the determinations required pursuant to Section 5898.20 by adopting a resolution indicating its intention to do so. The resolution of intention shall identify the kinds of seismic strengthening improvements that may be financed and shall include all of the information that is required pursuant to subdivision (b) of Section 5898.20, including, but not limited to, directing an appropriate public agency official to prepare a report pursuant to Section 5898.22.

(e) For purposes of the report required pursuant to Section 5898.22, relating to a voluntary contractual assessment program for seismic strengthening improvements, the designated public agency official shall satisfy the requirements of paragraph (1) of subdivision (c) of Section 5898.22 by identifying the types of seismic strengthening improvements that may be financed through the use of contractual assessments.

(f) Notwithstanding any other provision of this chapter, upon the written consent of an authorized public agency official, the proposed arrangements for financing the program pertaining to the installation of seismic strengthening improvements that are permanently fixed to real property may authorize the property owner to purchase directly the related equipment and materials for the installation of seismic strengthening improvements and to contract directly for the installation of seismic strengthening improvements that are permanently fixed to the property owner's residential, commercial, industrial, agricultural, or other real property.

2011 MAR 17 5:47

Kiran Jain
City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION SUPPORTING ASSEMBLY BILL 184 (SWANSON) WHICH WILL ADD A NEW SECTION 5899, ENTITLED THE SEISMIC SAFETY FINANCE ACT, TO THE CALIFORNIA STREETS AND HIGHWAYS CODE TO ALLOW THE VOLUNTARY CREATION OF CONTRACTUAL ASSESSMENT PROGRAMS FOR PROPERTY OWNERS TO SEISMICALLY RETROFIT RESIDENTIAL, COMMERCIAL, INDUSTRIAL, AND AGRICULTURAL BUILDINGS

WHEREAS, Assembly Bill 184, sponsored by Member Sandre R. Swanson (Oakland/ Alameda/ Piedmont), is currently pending in the California legislature; and

WHEREAS, California Streets and Highways Code section 5898.10 et seq. currently provides for the voluntary creation by local jurisdictions of Contractual Assessment programs to retrofit private property with energy and water conservation improvements; and

WHEREAS, said Contractual Assessment programs provide for public funding of said improvements and reimbursement of said funding by the property owners through annual collection of the assessments with the general levy of property taxes; and

WHEREAS, said Bill would also allow local jurisdictions to voluntarily create said Contractual Assessment programs for seismically retrofitting residential, commercial, industrial, and agricultural buildings; and

WHEREAS, the United States Geological Service has forecasted with a probability of sixty-two percent (62%) that a magnitude 6.7 (Richter scale) or larger seismic event will occur along an earthquake fault in the San Francisco Bay Area before the year 2032; and

WHEREAS, an earthquake of this magnitude would cause social and economic disruption in the San Francisco Bay Area equal to or greater than the 1989 Loma Prieta earthquake (magnitude 6.9); and

WHEREAS, an earthquake of this magnitude would cause an estimated tens of billions of dollars of economic loss in the San Francisco Bay Area, half of which would be loss in damaged residences; and

WHEREAS, an earthquake of this magnitude would cause an estimated 36,000 uninhabitable housing units in Oakland, which is approximately one-third of Oakland's existing housing stock; and

WHEREAS, enhancing the structural resistance of buildings to seismically induced lateral loads through a minimal level of strengthening would provide Oakland property owners,

financial lenders, property insurers, and residents an additional margin of safety against detrimental damage during and following an earthquake of this magnitude; and

WHEREAS, an estimated eighty-five percent (85%) of Oakland's existing residential buildings constructed before modern earthquake codes were adopted have not been even minimally strengthened for seismic-induced lateral loads; and

WHEREAS, the average construction cost for installing seismic strengthening based on a non-prescriptive engineered design for existing residential buildings that braces cripple walls and fastens sill plates to the foundation is estimated between \$ 7,000 and \$ 30,000; and

WHEREAS, chartering of said Bill as California law would not degrade nor otherwise burden the General Purpose Fund of the City of Oakland; and

WHEREAS, Mayor Jean Quan, Council President Larry Reid, and the Building Services Division of the Community and Economic Development Agency have recommended that AB 184 be enacted by the California legislature; now, therefore, be it

RESOLVED: That the Council of the City of Oakland proclaims its support for California Assembly Bill 184 (Swanson) and authorizes the City Administrator to instruct the Legislative Lobbyist for the City to support the passage of AB 184.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2011

PASSED BY THE FOLLOWING VOTE:

**AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL,
SCHAAF, AND PRESIDENT REID**

NOES -

ABSENT -

ABSTENTION -

**ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California**