



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2013 FEB 15 AM 8:45

AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Fred Blackwell
Assistant City Administrator

SUBJECT: Code Enforcement Improvements

DATE: February 5, 2013

City Administrator
Approval

Date

2/15/13

COUNCIL DISTRICT: City-wide

RECOMMENDATION

Staff recommends that the City Council Receive an Informational Report Regarding the Building Services Management Review

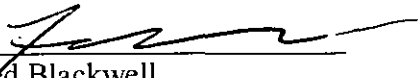
REASON FOR SUPPLEMENTAL

To provide the Council with the full breadth of improvements made and contemplated for the City's Code Enforcement processes as well as for the larger Building Services division, included with this report as *Attachment A* is a copy of a separate but related previous report to the CED Committee in September 2012, describing improvements made to the City's Code enforcement practices and programs. For more detail, the entire September 2012 presentation including assessments and recommendations of City consultants and public Task Force members can be viewed at <http://oakland.legistar.com/View.ashx?M=F&ID=2120950&GUID=6690203E-941A-4483-9671-A03E31AC807C>.

Item: _____
CED Committee
February 26, 2013

For questions about this report, please contact Margaretta Lin, Strategic Initiatives Manager, at 510-238-6314.

Respectfully submitted,


Fred Blackwell
Assistant City Administrator

Reviewed by:
Ray Derania, Building Official

Prepared by:
Margaretta Lin, Strategic Initiatives Manager
Department of Housing and Community Development &
Department of Planning, Building, and Neighborhood Preservation

Attachment A: Staff report to CED Committee on Code Enforcement, Sept. 25, 2012

Item: _____
Council
October 2, 2012



CITY OF OAKLAND

 FILED
 OFFICE OF THE CITY CLERK
 OAKLAND

2012 SEP 13 PM 2:36

AGENDA REPORT

TO: DEANNA J. SANTANA
 CITY ADMINISTRATOR

FROM: Fred Blackwell
 Assistant City Administrator

SUBJECT: Changes in Building Services in
 Response to Grand Jury Report

DATE: August 30, 2012

City Administrator
 Approval

Deanna Santana

Date

9/11/12

COUNCIL DISTRICT: City-wide

RECOMMENDATION

Staff recommends that the City Council accept this informational report:

AN INFORMATIONAL REPORT REGARDING ACTIONS TAKEN BY THE CITY OF OAKLAND TO IMPROVE ITS CODE ENFORCEMENT OPERATIONS IN RESPONSE TO THE ALAMEDA COUNTY GRAND JURY RECOMMENDATIONS ON BUILDING SERVICES

EXECUTIVE SUMMARY

In response to a June 27, 2011 report issued by the Alameda County Grand Jury examining code enforcement activities of the City's Building Services Division, the City has been working diligently to transform its code enforcement operations to provide the highest standards of care, service, and accountability. The overhaul of the Building Services Division is a long-term investment that requires a thoughtful process based upon best practice information, data on relevant Oakland conditions, analysis on effectiveness of existing strategies, and community involvement. The City has put together a comprehensive roadmap to oversee the changes, including the following components:

1. Oversight by the City Administrator's office.
2. A staff leadership team that meets weekly to assess and implement needed changes, including the utilization of a case study approach.
3. A workplan on changes to programs and procedures including integration of recommendations from the Alameda County Grand Jury report and the December 6, 2011 Council motion items.

Item: _____
 CED Committee
 September 25, 2012

4. Best practice research to guide both the new program design and procedures that have been conducted by Management Partners (private consulting agency), City staff, and pro bono partners such as the Alameda County Public Health Department.
5. The convening of an advisory Task Force to provide feedback on proposed new program design and procedures, as well as meetings with interested community stakeholder groups.
6. A comprehensive management review conducted by Management Partners and overseen by the City Administrator's office.

The focus of this past year's efforts, which began in a concerted way in October 2011, has been on foundational systems changes including the following:

1. Redefining the new program areas of Code Enforcement operations to focus on major public health and safety problems.
2. Developing new procedures and operations that align with program goals, based upon best practice research.
3. Staff development on the new procedures and protocols.
4. Evaluating and refining the new operations.
5. Developing new partnerships to enhance limited City resources.
6. Identifying key gaps in management, operations, and procedures and proposing solutions.

Staff recommends that future efforts focus on addressing the following priorities:

1. Hiring a Code Enforcement manager with expertise in program management, staff development, program evaluation, technology, and community development. The change efforts cannot be sustained without this new position.
2. Development of a comprehensive staff development and evaluation plan, with assistance from City Human Resources Department.
3. Comprehensive evaluation of activity outcomes, measured against customer satisfaction, and funding.
4. Continued focus of using technology, via the deployment of Accela, to improve operation coordination, program evaluation, staff development, customer communications and feedback, and public access.
5. Convening of a working group by the City Administrator, comprised of experts and representatives from landlord and tenant interests, to develop a proactive rental inspection policy in order to address the problem of substandard housing conditions in Oakland.

A major issue to be reconciled is the mandate to fund code enforcement operations through activity charges, without any General Fund subsidy, given limited staffing resources and the enormity of blight, substandard conditions, and other building, housing, and permit code violations throughout the City. To enable limited code enforcement resources to be deployed strategically, addressing major priorities such as public health and safety, will mean that City

code enforcement will no longer be able to address many of the more minor complaints from residents. We have seen other cities in California reprioritize their code enforcement operations, as well, given both budgetary constraints and the need to minimize the financial impact of code enforcement operations on residents with code complaints lodged against them.

OUTCOME

Since October 2011, significant changes have occurred with City code enforcement operations, including the following:

- Out of the 10 Grand Jury recommendations, complete implementation of 7 recommendations, implementation in progress of 2 recommendations that require additional time for completion (new Accela database management system and updated fee study), and as stated in the City's response to the Grand Jury, evaluation of 1 recommendation by the City Administration that requires additional City resources.
- Out of the 16 Council motion items passed on September 20, 2011, 15 items were completely implemented. One item, the amnesty program, which required additional staffing support to administer, has launched and will be completed in November 2012.
- Out of the 11 recommendations for procedural improvements issued by Management Partners in March 2012, 5 have been implemented, 4 items requiring additional time are in process, 1 recommendation will be evaluated after Accela deploys, and 1 recommendation requires the re-establishment of the Code Enforcement manager position in order to implement effectively.

While significant progress has occurred since October 2011, the transformation of City code enforcement operations requires the focused dedication of additional time, resources, and citywide commitment to the changes in order to best serve Oakland residents and citywide interests.

BACKGROUND/LEGISLATIVE HISTORY

Oakland code enforcement services have evolved considerably over time. In today's paradigm, Code Enforcement is required to be 100% cost recovering, with no general funds available.

In the early 1990s, the focus was on proactive neighborhood revitalization strategies based upon public health severities. This then shifted to a complaint based response to constituents with a mandate from a prior City administration to tackle blight aggressively. In addition, Building Services permitting and code enforcement staffing has been reduced by more than half while the workload has more than doubled. Concurrent with staffing reductions has been a progressive shift from full funding by the General Purpose Fund in 1992 to full funding by code enforcement

Item: _____
CED Committee
September 25, 2012

fees beginning in FY 2006-07. Consequently, code enforcement protocols and processes were infused with an emphasis on cost-recovery. While the practice was considered innovative at the time of a growing local and national economy, the results became counter-productive to preserving and enhancing neighborhood vitality when economic circumstances have changed so dramatically in recent years.

In this context, on June 27, 2011, the Alameda County Grand Jury issued a report examining City code enforcement activities and made ten recommendations for improvement. The report came at a time when the City was already embarking on transforming its code enforcement programs and services. The report served to channel citywide focus and attention on important changes needed. On August 15, 2011, the City Administration issued a preliminary response that concurred or partially concurred with seven recommendations, noted that one recommendation had already been implemented, and advised that two recommendations were being evaluated.

On September 20, 2011, the Council heard the staff report regarding the Grand Jury report and issued a motion containing sixteen (16) items.

In October 2011, the former deputy city administrator was deployed to Building Services to oversee the changes to code enforcement operations and reported directly to the City Administrator's office on Building Services change efforts. A staff leadership team was convened to address and coordinate the change needs, including the use of a case study model in weekly meetings.

Selected through a competitive bidding process prior to the Grand Jury report, Management Partners (MP), a private consulting firm, conducted best practice research on code enforcement procedures reviewing the operations of four peer jurisdictions—Anaheim, Long Beach, Sacramento, and San Jose. In March 2012, MP issued a report containing eleven (11) recommendations for process improvements. See *Attachment A*.

Pursuant to Council resolution, an advisory Task Force comprised of twelve (12) appointments from Councilmembers, the Mayor, and City Administrator, was formed to provide feedback on proposed new procedures and program design. The Task Force held six (6) public meetings. In September 2012, the Task Force issued a report providing for the different perspectives of Task Force members. See *Attachment C*. There were twenty-two (22) general recommendations. The Task Force as a whole was in favor of the current approach to prioritize code enforcement operations to address major public health and safety problems and had particular interest in mold-related issues and foreclosed properties. See link to Task Force meeting agendas and materials:

<http://www2.oaklandnet.com/Government/o/PBN/OurOrganization/BuildingServices/OAK033369>

Item: _____
CED Committee
September 25, 2012

City Code Enforcement operations is currently focused on solving major public health and safety priorities with the highest of professional standards while balancing fiscal recovery needs, and customer service demands. While this is a long-term effort, through this past year's accomplishments, the foundation has been laid in the right direction.

ANALYSIS

The City has dedicated efforts and resources on transforming Code Enforcement operations and improving services, including the development of new partnerships with other public agencies and community and private sector organizations. A workplan was developed to address the recommendations issued by the recent Alameda County Grand Jury Report, City Council motion issued on December 2011, as well as administrative priorities. The following is a summary of some preliminary outcomes:

1. Key procedural changes have occurred, including due process issues, that have improved program service and efficiency.
 - 100% of the Grand Jury recommendations with which the City concurred; 100% of the September 20, 2011 motion items; and 90% of the MP March 2012 recommendations have been completely implemented or in implementation, given additional time requirements.
 - The streamlining of code activities has resulted in increased program efficiency. For example, through new procedures such as the blight posting and courtesy notice system, the average number of inspections per property was reduced from 5 to 3 inspections per property, which has resulted in about 25,000 annual inspections rather than 40,000 in prior years. In addition, staff is seeing increased responsiveness by the property owner.
2. Program priorities have shifted to include proactive inspections of major public health and safety issues away from minor blight violations.
 - In the past 10 months, through the new courtesy notice system, property owners abated 518 complaints on their own, without requiring a City inspection. Inspectors conducted 1,895 inspections of original minor blight complaints due to either escalation of complaints or new information about property conditions.
 - This shift has enabled the inspectors to focus on the development of new programs that address major problems such as foreclosed properties, public safety, childhood asthma associated with substandard housing conditions, and commercial corridor improvements.
3. With the new changes, the Code Enforcement budget, based upon actual expenditures and collections, has not been negatively impacted. (More details are provided below.)

Item: _____
CED Committee
September 25, 2012

Highlights of Program and Procedural Changes:

The following is based upon change efforts that have occurred largely in the past year. One hundred percent (100%) of the Grand Jury recommendations with which the City concurred have been completely implemented or in implementation. One hundred percent (100%) of the Council motion items that were implementable have been completely implemented or in implementation. Nine (9) out of the eleven (11) MP recommendations, issued in late March 2012, have been implemented.

Change Items:	Implementation Completion: Status:
Grand Jury Recommendations	
GJ1. Implement a training program that emphasizes working with—not against—property owners	Completed. Weekly leadership team and staff meetings provide staff development and problem-solving sessions regarding new procedures and operations. The City Attorney’s office frequently attends the weekly meetings and has also provided a training for all Code Enforcement staff on entry and inspection warrants. Outside trainings included Martin Luther King Jr. Freedom Center’s <i>Making Public Service Meaningful</i> training sessions, SF Environmental Health Dept’s <i>inspector training</i> on health related inspection issues, National Green & Healthy Homes training. Future training will involve peer jurisdictions that have undertaken similar operational transformations, as well as a H.R. Department sponsored staff development plan.
GJ2. Notify true owners of violations at every stage of abatement notice	Completed. Notices are now also posted on the properties, including a new notice of pending abatement.
GJ3. Notices to provide clear written description in simple to understand language	Completed. Management Partners assisted with modifications to notices based upon best practice information.
GJ4. Eliminate use of prospective liens	Completed.
GJ5. Revise fees based upon actual reasonable costs incurred	Under review. City fees are already based upon actual reasonable costs incurred. However, a review of Code Enforcement fees is included in a new fee study.
GJ6. Develop clear, simple, effective appeals process	Completed. Building Services staff has stopped conducting appeal hearings. Outside hearing officers serve as appeal hearing officers per practice of best practice peer jurisdictions.
GJ7. Establish deadlines for inspectors to respond to	Completed. Inspectors are required to respond to property owners within 24 hours, as stated in outgoing voicemail messages.

Item: _____
 CED Committee
 September 25, 2012

property owners	
GJ8. Develop an operations manual to ensure consistent operations	Completed. Management Partners has developed a preliminary procedures manual including process maps and protocols. Staff is working to add other information to the manual.
GJ9. Develop a centralized case management system that is easily accessible for all inspectors and property owners	In progress. Regular weekly meetings between Building Services managers and senior inspectors with DIT and Accela representatives to coordinate information flow and development for the new centralized data management system. The collaboration between the CEDA staff and Accela has resulted in clearly identifying processes and areas of improvement that can be directly translated to the Accela Automation environment. Work on the Accela Automation project for permits, code enforcement, planning and zoning will continue throughout 2012 and is scheduled to be completed and online by June of 2013.
GJ10. Develop an ombudsman function to review all appeals and assist the property owner	Under review. Pursuant to the City's original response, the City Administrator is assessing the viability of implementing this recommendation given the new changes to the appeal and other processes, as well as funding constraints.
Council Motion	
C1. Lower cap on change orders from 31% to 10%.	Completed.
C2. Hearing on houses demolished within last 5 years.	Completed. Original report and hearing scheduled for November 29, 2011 rescheduled to accompany this report in order to accommodate feedback from property owners. See <i>Attachment B</i> .
C3. Create appeals process with a neutral (non-Building Services) hearing officer.	Completed. Outside hearing officers are used now for blight violations.
C4. Ban prospective liens and set policy that liens can only be placed after documented notification and abatement failure.	Completed.
C5. Establish an amnesty program.	Partially completed. The amnesty program has launched and eligible property owners have until November 30, 2012 to apply.
C6. Convene Task Force with citizen participation	Completed. There were 6 public meetings that addressed not only the proposed program design and procedures, as contemplated by the original Council resolution, but also to develop the Task Force's report and to review the preliminary management review findings. See <i>Attachment C</i> for Task Force report.
C7. City Administrator	Completed.

Item: _____
 CED Committee
 September 25, 2012

approval of demolitions	
C8. Refer relevant personnel matters to Closed Session	Completed. The City Administrator has set up a process within the City Administrator's office for investigating personnel complaints and referring appropriate items to outside agencies. The City Attorney's office has reviewed and concluded that personnel matters are not appropriate for Council closed session.
C9. Independent investigation of processes, including A to Z management review	Completed. The City Administrator has overseen a management review with consulting services provided by Management Partners.
C10. Return to Council on implementation of new processes	Completed. Relevant staff reports provided to Council include September 20, 2011, December 6, 2011, and this report.
C11. Conflict of interest policy on blight	Completed. The City Attorney's office review concluded that existing City Administrative Instruction policies adequately address staff conflict of interests (Administrative Instruction 595). However, a review of blight abatement contracts found a need to include a contractor duty to disclose any financial interests with City staff or officials. The City Attorney's office is working on amending contract templates to require such affirmative disclosure and to include other City standard contracting provisions as appropriate.
C12. Return to Council with demolition process	Completed. Information was provided in the December 6, 2011 report.
C13. Process to assist property owners	Completed. Developed new abatement procedures that distinguish owner-occupants, landlords, and "institutional" owners. Developed new strategies to assist property owners with difficulties, including development of a resource guide.
C14. Process on addressing appeal requests never responded to	Completed. Staff reviewed files to assess appeal requests and responses. Based upon records, staff recalled fees placed on property taxes on billing appeals that are pending an appeal hearing.
C15. Develop clear instruction on appeals going forward	Completed. Staff has been trained on new appeals process, including guidance from the City Attorney's office.
C16. Return to Council on policy areas	Completed. Reports provided on 9/20/11, 12/9/11, and today's report, as well as expansion of foreclosure registration and maintenance ordinance.
Management Partners Recommendations	
MP1. Add language to notices that City may hire	Completed. Notices already had information, but notices amended for information to be more prominent.

Item: _____
 CED Committee
 September 25, 2012

contractor to abate	
MP2. Revise language in Notice of Violation to inform of primary fee	Completed. Notices already had information, but notices amended for information to be more prominent.
MP3. Implement process to provide notice of pending abatement	Completed. Information posted on property of pending notice of abatement.
MP4. Develop an online database that provides status updates	In progress. See above information (GJ9) regarding the Accela database system.
MP5. Revise process for addressing minor and non-life threatening violations	Completed. Courtesy notice system implemented.
MP6. Develop list of approved contractors via RFQ process by the City's Dept of Contracting & Purchasing	In progress.
MP7. Mandate that all inspectors use the intended technology	Completed. Performance plan revised to address technology use requirements for all staff.
MP8. Analyze the impact and efficiency gains from providing inspectors with printers after the initial Accela implementation	Under review. To be evaluated once Accela launches.
MP9. Seek non-traditional funding sources to support code enforcement services	Completed. Secured grant funds to support inspector time for new proactive code enforcement efforts in International Blvd for 3 years. Working with County Public Health Department to explore funding from health insurers for code enforcement related to public health outcomes.
MP10. Conduct an update cost recovery study	In progress. RFP issued for consultants and study to be conducted in Fall 2012.
MP11. Implement a performance management system that measures workload, efficiency, and effectiveness of activities and uses them to improve operations.	In progress. To engage in this level of undertaking will require a dedicated Code Enforcement manager with expertise in program management, evaluation, and staff development.

Other Change Items	Implementation Completion Status
1. Organizational Culture Change	<ul style="list-style-type: none"> • Identified staff leadership team; meeting weekly to address priority change needs and align implementation details with new program design and goals. • Developed staff understanding and support of new program goals for code enforcement—public health and safety and community revitalization. • Developed staff leadership in new orientation to customer relations and problem-solving role. • Staff proactively identifying specific ways to assist property owners and new strategies to meet community revitalization, public safety and health goals • New procedures implemented for staff development and accountability. • Holding regular proactive strategy discussions with Code Enforcement staff, City Attorney's office and Housing Division • Implemented new customer feedback vehicles.
2. Remediating Specific Cases	<ul style="list-style-type: none"> • Staff met with different property owners to resolve specific issues. Liens have been recalled from property taxes for several cases.
3. Due Process (Notices, Liens, Fees, Fines, and Appeals)	<ul style="list-style-type: none"> • Implemented a new courtesy notice and owner self-certification procedure for minor blight violations per best practices of peer jurisdictions. • Modified notices to be more customer friendly and accessible. • New notices and procedures for addressing bank-owned blighted properties have been developed and implemented. • Developed new system for handling complaints about City staff
4. Policies and Procedures	<ul style="list-style-type: none"> • Implemented new program goals based upon research of City major public health and safety issues and best practices research on both program design, procedures and operations to guide changes. • Developing alternative collections mechanism including addressing abandoned properties with old liens.
5. Proactive Inspections Based Upon Collaborative Planning	<ul style="list-style-type: none"> • Implemented proactive inspections on blighted foreclosed properties with effective results. Existing gaps in City's current laws to address problem properties in the foreclosure process have been identified and policy solutions developed for Council consideration. • Developed new pilot public health program with Alameda

hem: _____
 CED Committee
 September 25, 2012

	County Public Health and Lead Prevention Poisoning. <ul style="list-style-type: none"> Completed preliminary best practice research scan of 27 jurisdictions with proactive inspections. Conducted planning meetings with OPD and Neighborhood Services Division to enhance strategic collaboration in hot-spot areas.
6. Improving transparency and accountability	<ul style="list-style-type: none"> Developing an online website to access information about complaints. Developed an online customer survey tool.

Realignment of Code Enforcement Operations to Prioritize Major Public Health & Safety

A major feature of the recent transformation efforts has been to shift inspection focus to priority public health and safety problems. Management Partners' research showed that the scope of Oakland code enforcement services exceeds that of all the peer cities but the financial resources devoted to code enforcement, on a per capita basis, is actually less than some other cities.

Table 1. Comparative Data on Code Enforcement Expenditures (FY 2011/12 Budget)

Comparisons	Oakland	Anaheim	Fresno	Long Beach	Sacramento	San Jose
Code Enforcement Division Expenditures	\$5,364,415	\$4,509,815	\$7,168,300	\$4,798,459	\$7,875,859	\$9,425,107
Population	392,932	341,034	500,121	463,894	469,566	958,789
Code Enforcement Expenditures per 1,000 population	\$13,652	\$13,224	\$14,333	\$10,344	\$16,773	\$9,830

Oakland has 16 full-time equivalent (FTE) inspectors who handle 8,000 new code enforcement complaints per year, which result in roughly 25,000 code enforcement inspections annually. The MP research showed that many Oakland code enforcement services, such as right of way inspections, geotechnical enforcement, mobile food vendor permits, work without permit, and planning and zoning complaints in other cities are handled by other departments, such as Public Works.

Table 2. Program/Service Comparison for Code Enforcement Services in Oakland to Peer Jurisdictions

Code Enforcement Programs/Services (in Oakland)	Oakland	Anaheim	Fresno	Long Beach	Sacramento	San Jose
Blight Enforcement	X	X	X	X	X	X
Substandard Buildings and Structures Enforcement	X	X	X	X	X	X
Foreclosed and Vacant Building	X		X	X	X	X

Item: _____
 CED Committee
 September 25, 2012

Code Enforcement Programs/ Services (In Oakland)	Oakland	Anaheim	Fresno	Long Beach	Sacramento	San Jose
Registry						
Mobile Food Vendor Permits	X					
Work without Permit	X					
Planning and Zoning Complaints	X					
Geotechnical Enforcement	X					
Landlord / Tenant Issues	X	X	X	X	X	X
Right-of-Way Activity Inspections	X					

In addition, the code enforcement budgets of the peer cities reviewed significantly rely on non-code enforcement funding sources to subsidize their code enforcement activities. Oakland had the least subsidized code enforcement activities (4%) of all the peer jurisdictions, which ranged from 26% to 89% subsidized by non-code enforcement funding.

Table 3. Funding Sources for Peer Code Enforcement Services in FY 2011-12

Funding Source for Code Enforcement Services in FY 2011-12	Oakland	Anaheim	Long Beach	San Jose	Fresno	Sacramento
Code Enforcement Revenue	\$4,838,971	\$510,579	\$1,527,995	\$6,981,569	\$2,425,000	\$4,412,655
Percent from Code Enforcement Revenue	96%	11%	21%	74%	32%	56%
Other Revenue Sources						
General Fund Allocation	0	898,888	2,917,209	649,908	0	2,762,974
Community Development Block Grant (CDBG) Funds	0	1,680,000	1,140,685	1,793,630	2,867,200	250,000
Miscellaneous Sources	187,368	1,420,347	1,524,472	0	2,308,000	450,230
Sub-total of Other Revenue Sources	187,368	3,999,235	5,582,366	2,443,538	5,175,200	3,463,204
Total	\$5,026,339	\$4,509,814	\$7,110,361	\$9,425,107	\$7,600,200	\$7,875,859

The City's fiscal constraints prevent code enforcement operations from serving all residents on all the varied complaints that exist across the City. Operations can be focused more strategically to address major public health and safety priorities. This past year, Code Enforcement has developed the following proactive programs.

New Proactive Public Health & Safety Focus

1. Blighted foreclosed properties: In response to Oakland's foreclosure crisis, the City developed a model program that got major lenders to clean up their properties, rather than the

Item: _____
 CED Committee
 September 25, 2012

traditional method of City clean-up and utilization of liens for possible recovery. In addition over 1,600 properties were registered and over 2,900 properties inspected. The City also collected over \$1.6 million in fees and penalties directly from lenders. The Council recently expanded the ordinance to include the registration and maintenance of properties with a notice of default. Staff is working on the development of a new registration database system and new procedures to implement the expanded ordinance. Staff has learned that other jurisdictions are modeling their foreclosed properties program after Oakland, including Los Angeles, Richmond, and Alameda County.

2. **Public safety, SMART inspections:** A partnership with OPD and Code Enforcement was revitalized in June 2012 to address problems of public safety that are caused by conditions related to abandoned homes utilized for criminal activities, including prostitution, gang activities, theft of materials of construction (i.e. copper wiring, water piping, etc.). Code Enforcement has teamed up with OPD to identify sites and effect the clean/ secure/ and rehabilitation of those properties. This combined effort, along with other agencies such as Public Works, OFD, and County Vector Control, will reduce crime and enhance the quality of life in neighborhoods. So far more than 25 properties have been inspected and over 50% have been fully cured to date on both OPD and Code violations.
3. **Public health pilot program with Alameda County Public Health Department and Lead Poisoning Prevention Program:** To address the problems of childhood asthma¹ and lead poisoning² caused by housing related conditions, Code Enforcement inspectors are working in a case management team with County public health professionals with referral pipelines from health services professionals, including Children's Hospital. Properties from the referral pipeline are prioritized for code enforcement action with resources and assistance from public health staff. New procedures and protocols are currently being developed, with assistance from the San Francisco Environmental Health Department's housing inspectors, in order to better address mold-related problems. The Alameda County Public Health Department is helping to identify funding resources for Code Enforcement in order to sustain these new efforts.

¹ Approximately 40% of diagnosed childhood asthma is believed to be attributable to residential exposures. The average asthma hospitalization rate for Oakland 5-17 year olds is 2,813 per 10,000 persons with American American and Latino children disproportionately impacted. The estimated cost of asthma in Oakland residents due to Emergency Room visits and hospitalizations is nearly \$30 million annually, excluding lost work and school days. ACLPP, based on data from CA Dept of Public Health, "The Burden of Asthma," June 2007.

² Up to two-thirds of Oakland housing units may contain lead-based paint. The County reports that lead poisoning is particularly prevalent in West Oakland, San Antonio, Fruitvale and East Oakland areas. The estimated annual cost of lead poisoning in Oakland is \$150 million in medical services, special education, disabilities, and lost wages. ACLPP, based on data from "Environmental Pollutants and Disease in American Children," Environmental Health Perspectives, Vol. 110, No. 7, July 2002.

4. **Commercial corridors:** To enhance economic development, support business retention, growth, and attraction, a new pro-active blight enforcement program along commercially zoned streets is being developed. Staff has developed an inventory of vacant buildings, blight and zoning violations along major commercial corridors; proactively issued violation notices for 160 blighted and vacant lots. Code Enforcement staff is serving on the new Downtown Task Force along with the Public Works Agency, Police Department, and Economic Development. In addition, through new funding support from a new State grant, code enforcement will be focusing proactive inspections along the International Boulevard Corridor.

New Courtesy Notice System for Minor Blight

Similar to the changes that have occurred with other peer jurisdictions and upon the recommendation of Management Partners, Oakland Code Enforcement is issuing courtesy notices to property owners for minor blight violations. The use of courtesy notices provides for a more cost-effective way to cure minor blight problems. This also provides for a significant cost benefit to affected property owners. For example, it normally costs the City \$3,000 for a minor blight abatement, which is then liened on the property. However, this abatement could have been handled by the property owner for a fraction of those costs.

The new courtesy notices notify the property owner that a complaint has been received about alleged blight violations, request the owner to cure the blight, and notify the City within 21 days that the blight has been cured. If Code Enforcement staff receives additional information that the blight is not minor, or there is escalation from neighbors and/or other interested parties, then inspectors are sent out to inspect the property. This new system is in line with the practice of other peer jurisdictions such as San Jose, Fresno, and Sacramento.

Recommended Future Focus--Addressing Substandard Multi-family Housing Conditions through a Proactive Rental Inspection Policy: Of the approximately 164,000 housing units in Oakland, over 50% are multi-family units. The majority of Oakland households are renters, about 58.6% in 2000.³ The National Center for Healthy Housing's 2009 study of health-related housing problems in the nation's largest Metropolitan Statistical Areas, rated the City of Oakland as the 39th least healthy city out of forty-four (44) jurisdictions, with nearly 60% of housing units showing one or more health-related problems.⁴ Oakland's housing stock ranks among the oldest and most heavily rental of the cities surveyed.⁵

³ City of Oakland Housing Element, 2007-2014, pp.95 & 96.

⁴ In addition, according to the 2000 Census, approximately 2,200 units had no heating systems, over 1,600 units lacked complete plumbing, and nearly 2,650 units lacked complete kitchen facilities.

⁵ 90% of the housing stock was built prior to 1980 and 65% was built prior to 1960. Id. At 100.

Research conducted by the Alameda County Public Health Department and other partners found that many cities in the nation have adopted a proactive rental housing inspection policy to address the problems of substandard units. The Building Services Advisory Task Force recommended that such a policy be considered for Oakland.

Staff recommends that the City Administrator convene a working group committee comprised of professional experts as well as representatives from landlord and tenant interests to develop a policy proposal for the City Administrator to submit to Council for consideration. A working group committee is recommended in order to help ensure a balanced composition with requisite professional expertise and provide for a more efficient use of limited resources. For example, public committee or task force meetings may have problems with timely meetings and actions due to quorum problems.

Future Priority Changes

1. Dedicated Code Enforcement Manager

Pursuant to Management Partners' information, unlike other cities such as Sacramento, Fresno, Anaheim, and San Jose, there is currently no dedicated Code Enforcement manager. This position was cut from the City's budget several years ago. There is an Inspections Manager, with an engineering background, who manages the City's permit inspections, as well as code enforcement operations. The new paradigm and shifting demands require City code enforcement operations to be fully cost-recovering, fix and prevent major public health and safety code violations including through new partnerships, sustain the changes made in response to the Grand Jury report, and engage in program evaluation and continuous improvements. These priorities cannot be effectively performed without a dedicated manager with expertise in program and fiscal management, staff development, program evaluation and technology, partnerships, creative problem-solving, customer relations, and best practices in code enforcement.

This position will be funded through the deletion of an existing and vacant position—an assistant engineer position. The fiscal difference would be about \$75,000 annually.

2. Comprehensive Staff Development and Evaluation

This year's staff development focused on orienting staff to the new mission, procedures and protocols, as well as public service values, attitudes, and behavior. The focus for the upcoming year will be to provide comprehensive staff development, as well as performance evaluation, with assistance from City Human Resources. Ongoing staff development will include management best practices, best practice protocols on personnel issues, handling stressful customer service situations, fostering staff investment in quality work product, increasing collaborative relationships with other departments, counter professionalism (standards, rules & regulations, expectations), and comprehensive intranet/website access to resource information.

Item: _____
CED Committee
September 25, 2012

3. Comprehensive Evaluation of Activity Outcomes, Measured Against Customer Satisfaction, and Funding

Through Acecia's database management system and with a new Code Enforcement manager with program evaluation design expertise, Code Enforcement will be able to track and measure outcomes from disaggregated and specific activities and measure those outcomes against customer feedback, funding revenues to support those activities, and other relevant evaluation measures. This information will enable Code Enforcement to refine its operations on an ongoing basis, and make appropriate and timely adjustments.

4. Deployment of Accela

The new Accela database management system is scheduled to be operational on June 2013. Weekly meetings with Building Services staff, DIT staff, and Accela consultants have occurred since October 2011 to develop the new system for Code Enforcement. The use of this new technology will improve operation coordination, program evaluation, staff development, customer communications and feedback, and public access.

5. Proactive Rental Inspection Policy Proposal to Council

In order to improve the City's ability to address the significant problems of substandard multi-family rental housing that impacts the quality of life and economic development, staff recommends the development of a proactive rental inspection policy that many cities in California and throughout the country have adopted. Staff recommends the convening of a working group by the City Administrator, comprised of experts and representatives from landlord and tenant interests, to develop a policy proposal for Council consideration. A working group committee will help ensure a balanced composition, as well as serve as a more efficient use of limited City resources, i.e. would not have quorum problems that prevent meetings.

POLICY ALTERNATIVES

Alternative #1	Continue with prior model of complaint-based only system.
Pros	Responds to individual constituent demands.
Cons	Code enforcement resources are insufficient to address every individual complainant's demands for service, and are also costly to the cited property owner. A complaint-based only system also fails to adequately address major blight and other code problems, such as foreclosed properties or substandard housing conditions.
Reason for not recommending	With limited City resources, it would be more strategic to focus on priority public health and safety problems, including those that facilitate the City's economic development interests. Non-minor

Item: _____
CED Committee
September 25, 2012

	violation complaints will continue to be handled by Code Enforcement.
--	---

PUBLIC OUTREACH/INTEREST

Staff has met with different organizations interested in providing ideas for Code Enforcement improvements, including the following groups: Alameda County Public Health Department, Alameda County Lead Poisoning Prevention Program, Alliance of Californians for Community Empowerment, Oakland Realtors Association, Oakland Rental Housing Association, Oakland Community Organization, Causa Justa::Just Cause, Wells Fargo Bank, JP Morgan Chase Bank, California Bankers Association, Children's Hospital, Regional Asthma Management Program, Public Health Law and Policy, East Bay Community Law Center, and AuditCEDA.

Information about the new programs and procedures have been presented and discussed in six public meetings as part of the Building Services Improvements Advisory Task Force process.

COORDINATION

Coordination has occurred between Building Services, Housing, the City Attorney's office, Oakland Police Department, County Public Health and Lead Poisoning Prevention.

COST SUMMARY/IMPLICATIONS

The new changes to Code Enforcement operations have not resulted in negative fiscal impacts.

For FY 11-12, Code Enforcement expenditures were \$4,282,239 (\$3,730,120 in personnel and \$552,119 in overhead and maintenance (O&M)). Actual revenues collected in FY 11-12 were \$4,362,138. Surplus funds were used to address the Development Services Fund (2415) negative fund balance. This year, a separate Code Enforcement distribution plan will be established.

Penalty funds from the foreclosed properties program constituted \$245,000 of the FY 11-12 revenues collected. However, in future years blight penalty funds from foreclosed properties will be redirected to foreclosure prevention efforts, pursuant to recent Council direction.

In FY 10-11, Code Enforcement expenditures were \$5,148,036 (\$3,882,863 in personnel and \$1,265,173 in O&M) and funds collected were \$5,503,829. Again, surplus funds were used to address the 2415 Fund negative fund balance.

Regarding the fiscal impact from the banning of the use of prospective liens, it is estimated that the City has lost about \$130,000 given the time lag between property transfer before priority liens can be placed on the property. The City Attorney's office is reviewing alternative

constructive noticing that can be used to notify potential purchasers and other interested parties of issues with the property, as well as protect the City's ability to recover from expended City actions on the property.

With the changes to Code Enforcement operations to mitigate against financial hardships for property owners except on priority code enforcement areas, strategies to develop funding streams for priority code enforcement operations will need to be deployed, such as a proactive rental housing inspection policy.

While a new Code Enforcement manager will increase the Code Enforcement budget by about \$75,000 annually, staff believes that this investment will potentially enable Code Enforcement to operate more effectively under the new paradigm, as well as result in new revenue streams.

FISCAL/POLICY ALIGNMENT

The changes in Code Enforcement operations are in alignment with the City's priorities to focus on major public health and safety problems. The hiring of a Code Enforcement manager with expertise in program and fiscal management, staff development, customer service, program evaluation and technological tools, and community development will enhance and sustain improvements to Code Enforcement. The recommendation for the City Administrator to convene a working group to develop a proactive rental housing inspection policy will enable Code Enforcement to address a priority problem of substandard multi-family housing conditions in Oakland while providing for a sustainable funding source.

PAST PERFORMANCE, EVALUATION AND FOLLOW-UP

Staff has been tracking the status of some key changes made to Code Enforcement operations, which include the following outcomes:

New Courtesy Notice System for Minor Blight Violations:

- Since October 2011 when courtesy notices for minor blight violations began, there have been 518 cases of property owners curing the alleged blight on their own without a City inspection.
- There were 1,895 inspections on minor blight complaints in response to either new information about property conditions or escalation from neighbors or interested parties.
- The average number of inspections per property was reduced from 5 to 3 inspections per property, which has resulted in about 25,000 annual inspections rather than 40,000 in prior years. The courtesy notice and other new procedures such as the blight posting on properties have contributed to streamlining the inspection process. In addition, staff is seeing increased responsiveness by the property owner.

Item: _____
CED Committee
September 25, 2012

New Appeal Hearings by Outside Hearing Officer on Blight Violations:

- Since March 2012, 28 billing appeals on blight violations were heard by an outside hearing officer.
- Appeals found in favor of the appellant: 4
- Appeals partially approved in favor of the appellant: 11
- Appeals found against the appellant: 13
- Original fees owed to the City prior to the appeal hearings: \$359,920
- Fees reduced after the appeal hearings: \$81,852
- Costs of independent hearing officer: \$31,766 (not including staff time and costs)
- Post appeal charges paid: \$85,608

New Proactive Foreclosed Properties Program:

- Major lenders cleaned up cited properties.
- Over 1,600 properties registered.
- Over 2,900 inspections occurred.
- Over \$1.6 million collected from lenders (without liens) in fees and penalties.

SUSTAINABLE OPPORTUNITIES

Economic: Effective Code Enforcement operations retard the deterioration of property values, support future development and assist the economic growth and revitalization of the City.

Environmental: Effective Code Enforcement operations reduce blight, including accumulation of garbage, dispersal of pollutants and target-organ toxins, and uncontrolled growth of vector populations.

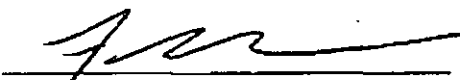
Social Equity: Effective Code Enforcement operations encourage the infusion and recurrence of diverse multi-cultural activities, businesses, and events.

CEQA

In accordance with CEQA Guidelines Section 15301 (existing facilities) this action is categorically exempted.

For questions regarding this report, please contact Margareta Lin, Strategic Initiatives Manager, at 510-238-6314.

Respectfully submitted,



Fred Blackwell
Assistant City Administrator

Reviewed by:
Ray Derania
Building Official, Department of Building, Planning &
Neighborhood Preservation

Richard Illgen, Deputy City Attorney
City Attorney's Office

Prepared by:

Margarena Lin, Strategic Initiatives Manager
Department of Housing and Community Development &
Department of Planning, Building, and Neighborhood
Preservation

Attachment A: Management Partners Process Improvements Report

Attachment B: Report on Demolition of Homes Within the Past Five Years

Attachment C: Task Force Report

Item: _____
CED Committee
September 25, 2012