



AGENDA REPORT

TO: Jestin D. Johnson
City Administrator

FROM: Bradley Johnson
Director of Finance

SUBJECT: Vacant Property Tax Ordinance
Amendments

DATE: October 20, 2025

City Administrator Approval


Jestin Johnson (Nov 12, 2025 20:37:35 PST)

Date: 12/11/2025

RECOMMENDATION

Staff Recommends That The City Council Adopt An Ordinance Amending Oakland Municipal Code Title 4, Chapter 4.56, Vacant Property Tax To 1) Add An Exemption For Parcels That Change Ownership After Assessment, 2) Require The Hearing Officer To Include Findings Of Fact In Their Decisions, And 3) Establish A Twelve Month Time Period Within Which Owners Of Parcels Deemed Vacant And Assessed The Vacant Property Tax Must File A Petition To Reverse The Assessment, Claim An Exemption, Or To Seek Refund Of Taxes Paid.

EXECUTIVE SUMMARY

The proposed changes to the Vacant Property Tax Ordinance, codified under Oakland Municipal Code ("OMC") Chapter 4.56, would provide clear and uniform standards for the administration and management of the tax. Specifically, staff recommends that the City Council adopt the proposed ordinance to:

1. Create an exemption for new owners who acquire the parcel during or after the year in which the parcel was deemed vacant and therefore was assessed the tax. The exemption would be afforded to those who acquire a parcel, via an "arm's length transaction," with less than 50 calendar days in the relevant calendar year in which the tax was assessed, and to those who acquire the parcel in the year that immediately followed the year in which the tax was assessed. The proposed exemption would remove the inherent inequity applicable to new owners who acquire the parcel without the benefit of knowing that the prior tax year might have already been assessed on their upcoming secured property tax bill.
2. Remove the existing discretionary language under OMC Section 4.56.110(D) and replace it with mandatory language that the hearing officer's decision shall include findings of fact.
3. Establish a 12-month statute of limitations to file a Petition of Vacancy or Entitlement to Exemption to begin on the due date of the second installment of the secured property tax bill issued by the County of Alameda for the fiscal year in which the tax was assessed. The proposed statute of limitations applies to those who seek to reverse the assessment, file for an exemption, and/or refund of the taxes paid.

BACKGROUND / LEGISLATIVE HISTORY

On July 24, 2018, the Oakland City Council adopted [Resolution 87319 C.M.S.](#), calling for and giving notice, on its own motion, for voter consideration of the ballot measure to adopt a Special Parcel Tax on vacant properties to fund solutions for homelessness, illegal dumping remediation, and a specified program.

On November 6, 2018, Oakland voters approved Measure W, the Vacant Property Tax Act, by a margin of 70.04 percent, which established an annual tax on vacant property for 20 years to raise revenue necessary to support and fund homelessness programs and services, affordable housing, Code Enforcement, and clean-up of blighted properties and illegal dumping. Measure W authorized the City Council, by ordinance, to establish a method for identifying and determining the use of and vacancy status of real property and to provide supplemental definitions for the categories of exemptions.

On November 5, 2019, the Oakland City Council adopted [Resolution 87916 C.M.S.](#), setting the tax rates for properties deemed vacant in calendar year 2019 to be levied at the maximum allowable tax rates, except for any “vacant residential land, zoned 4 units or less” under the Alameda County Use 1000 to be levied at the maximum tax rate of \$3,000.00.

On November 19, 2019, the Oakland City Council adopted [Ordinance 13571 C.M.S.](#), amending the Oakland Municipal Code, Chapter 4.56, to clarify and further define various functions and operations of a parcel or permanent improvement that constitute “use” for purposes of Vacant Property Tax and various exemptions. The Ordinance also described an administrative process for the City to determine whether a parcel is vacant in any given calendar year and established a process for parcel owners to appeal the City’s determination.

On December 10, 2020, the Oakland City Council adopted [Resolution No. 88422 C.M.S.](#), setting the tax rates for properties deemed vacant in calendar years 2020 and 2021 to be levied at the maximum allowable tax rates, as set in the Measure W approved by Oakland voters in 2018.

On July 18, 2023, the Oakland City Council adopted [Resolution No. 89839 C.M.S.](#), setting the tax rates for properties deemed vacant in calendar years 2022 through 2024 to be levied at the maximum allowable tax rates, as set in the Measure W approved by Oakland voters in 2018.

On July 16, 2024, the Oakland City Council adopted [Resolution No. 90359 C.M.S.](#), setting the tax rates for properties deemed vacant in calendar years 2025 through 2027 to be levied at the maximum allowable tax rates, as set in the Measure W approved by Oakland voters in 2018.

ANALYSIS AND POLICY ALTERNATIVES

This report supports the Citywide priority of fostering a **responsive and trustworthy government** by addressing challenges staff have encountered with several aspects of the existing ordinance since the Vacant Property Tax was implemented in 2020. The proposed amendments to the Vacant Property Tax Ordinance, codified in Oakland Municipal Code (OMC) Chapter 4.56, aim to establish clear, consistent standards for the effective administration and

management of the tax. Staff has identified the following recommendations in order to address these challenges and establish these standards.

Through the proposed Ordinance amendment, Title 4, Chapter 4.56 of the Oakland Municipal Code containing the operative sections of the Vacant Property Tax is amended to add, delete or modify sections as set forth below (section numbers and titles are indicated in bold type; additions are indicated by underscoring and deletions are indicated by strike-through type).

Add an Exemption Under **OMC Section 4.56.030(J)(1)** due to Changes in Ownership of the Property:

OMC Section 4.56.030(D) prescribed that “[i]f the City Council selects collection of the tax by the County, the tax shall be imposed on the ad valorem property tax bill for the fiscal year that begins July 1 following the end of the calendar year in which the parcel was vacant.” As prescribed, the assessment and collection of the tax can only occur after the calendar year has ended, and the collection of the tax can be placed on the ad valorem property tax bill. Ad valorem, as defined by the Alameda County Clerk Recorder’s glossary page, is a tax amount determined by multiplying the taxable value times the tax rate. While the tax appears on the ad valorem property tax bill, it is important to clarify that the Vacant Property Tax itself is not an ad valorem tax. Rather, it is a flat parcel tax, meaning the amount is fixed and not based on the assessed value of the property.

While using the method of including the Vacant Property Tax on the secured property tax bill is ideal with respect to the collection of the tax because unpaid tax could eventually be included in the tax sale (Cal. Rev. & Tax. Code § 3362), it creates an unavoidable time lag of at least 10 months from the time a parcel is deemed vacant and assessed the tax to the time the property owner receives the actual property tax bill. Table 1 illustrates the timing.

Table 1: VPT Order of Events

Tax Year	Administration Review and Identification of parcels subject to VPT	Initial Determination & Noticing Process	Final Determination & Noticing Process	Appeal Process	Placement of Charges on Secured Property Tax Bill	Owner Receiving the Secured Property Tax Bill
2024	January 2025	February- April 2025	May 2025	June – July 2025	August 2025	October 2025

The effect of the 10-month time lag, as outlined in Table 1, is often associated with the change in ownership of a parcel that has already been deemed vacant and assessed for tax. The new owner who acquires the parcel anytime between January and October does not have the benefit of knowing the prior tax year might have already been assessed until the receipt of the secured property tax bill. This, in turn, creates a challenging situation for the new owner who cannot contest the assessment of the tax or file for an exemption because the new owner was not the owner of record for the year in which the tax was assessed.

The proposed exemption is intended only for those parcels whose ownership changes as a result of an “Arm’s Length Transaction.” For the purpose of the Vacant Property Tax, a new definition is proposed to be added under **OMC Section 4.56.010**. The proposed definition reads as follows:

“Arm’s Length Transaction” means a transfer or a sale in good faith and for valuable consideration that reflects the fair market value in the open market between two or more unrelated and unaffiliated parties, neither of which is under any compulsion to participate in the transaction. A sale for which a significant purpose is avoiding the effect of the violations of this chapter is not an arm’s length transaction.”

The proposed exemption provision would be added as **OMC Section 4.56.030(J)(1)(k)**. It reads as follows:

*“An owner who acquires a property through an Arm’s Length Transaction (as defined in **Section 4.56.010**), with fewer than fifty (50) calendar days remaining in the calendar year in which the tax was assessed, or if the transaction occurred during the calendar year immediately following the assessment year.”*

For the purpose of determining whether an owner is entitled to claim an exception, a new added section, **OMC 4.56.090(K)**, is added and reads as follows:

***"Change of Ownership"—4.56.030 J.1.k.** The "Change of Ownership" exemption applies if an "Arm’s Length Transaction," as defined in **OMC Section 4.56.010**, occurs with less than fifty (50) calendar days remaining in the relevant calendar year in which the tax was assessed or in the year immediately following the year in which the tax was assessed.*

Remove Discretionary Reference in OMC Section 4.56.110(D):

The proposed removal of the existing discretionary language codified under **OMC Section 4.56.110(D)** that allows the hearing officer the discretion to include the finding of facts in the Decision would be replaced by language stating that “The hearing officer’s decision shall include findings of fact.” Without knowing the basis or the rationale behind a Decision, it is difficult for either party to seek further relief from the Decision in court, as authorized under **OMC Section 4.56.110(E)**. The revised language reads as follows:

“Decision Following Hearing. As soon as practical following the hearing, the hearing officer shall issue a written decision regarding the vacancy status of the subject property. The hearing officer’s decision shall include findings of fact ~~In the discretion of the hearing officer, the decision may, but is not required to, include findings of fact.~~ The hearing officer’s decision shall be considered final on the day it is executed by the hearing officer.”

Establish a 12-Month Statute of Limitations in OMC Section 4.56.100(B):

The existing ordinance does not include a provision that establishes a time period from which the owner of a parcel must file a Petition of Vacancy to reverse the assessment, claim an exemption, or file for a refund. The lack of such a provision essentially creates an indefinite period of time that an owner could seek the reversal of the assessment, claim an exemption, or file for a refund.

The adoption of a 12-month statute would establish a reasonable period of time that requires any person seeking to reverse the assessment of the taxes paid to act. The proposed 12-month statute of limitations would begin on the due date of the second installment of the annual

secured property tax bill issued by the County of Alameda for the fiscal year in which the tax was assessed. Once the statute expires, any requests seeking to reverse the assessment or file for exemption, of the taxes paid would not be allowed.

The title of **OMC Section 4.56.100** is proposed to be amended to read as follows:

4.56.100 – Method for Identifying Vacancy or Entitlement to Exemption.

The proposed addition of the 12-month statute of limitation would be added in the form of subsection 1 to the existing **OMC Section 4.56.100(B)** which reads as follows:

B. Petition of Vacancy or Entitlement to Exemption. Upon receiving an initial determination notice pursuant to **Subsection 4.56.100 A.**, an owner may, within twenty (20) days of service of the notice, file a petition of vacancy. The petition of vacancy must be submitted in a form and manner determined by the City Administrator and include appropriate evidence demonstrating that the property was not vacant pursuant to **Section 4.56.020** or was entitled to an exemption. Such evidence may include sworn statements, pictures, utility records, and any records necessary to demonstrate entitlement to an exemption.

1. *“Statute of Limitations to File Petition. Notwithstanding the foregoing, a Petition of Vacancy or Entitlement to Exemption filed more than 12 months after the due date of the second installment of the secured property tax bill for the fiscal year in which the tax was assessed, will be deemed ineligible.”*

Accordingly, **OMC Section 4.56.100(C)** would be changed to read as follows:

C. “Decision on Vacancy or Exemption. Upon receiving a petition of vacancy or entitlement to exemption pursuant to **Subsection 4.56.100 B.**, the City Administrator may request further evidence or clarification and shall issue a decision.”

Establish a 12-Month Statute of Limitations for Refund Requests in a New OMC Section 4.56.115:

The current ordinance does not include explicit language specifying a time limit within which an owner must request a refund of taxes paid under the Vacancy Property Tax provisions. Without a defined time period, an owner could potentially submit a refund request at any time after payment, creating administrative uncertainty and complicating financial reconciliation.

The adoption of a 12-month statute of limitations would establish a clear and reasonable period for property owners to act if they seek a refund of taxes paid. The proposed 12-month limitation would begin on the due date of the second installment of the annual secured property tax bill issued by the County of Alameda for the fiscal year in which the tax was assessed. Once the 12-month period expires, any requests to refund of taxes paid would not be allowed.

The proposed addition would be incorporated as **OMC Section 4.56.115** and read as follows:

“4.56.115. Refunds.

A. An owner may claim a refund of the taxes paid by submitting a form and in a manner determined by the City Administrator and including appropriate evidence that the property was not vacant pursuant to Section 4.56.020.

B. No refund of tax collected will be granted if the request for refund exceeds twelve (12) months from the due date of the second installment payment. The 12-month statute of limitations shall begin on the due date of the second installment of the annual secured property tax bill issued by the County of Alameda. Once the statute expires, any requests seeking to reverse the assessment or refund of the taxes paid shall not be allowed.”

FISCAL IMPACT

There are a significant number of variables that will impact the amount of revenue raised by the Vacant Property Tax each year. First, active use of a parcel for more than 50 days during a calendar year may be a relatively easy threshold to meet. Second, it is exceedingly difficult to know the number of parcels that will be in use for less than 50 days in a calendar year but will meet one of the ten (10) allowable exemptions in any given year. Finally, Measure W encourages property owners to put underutilized parcels into use, which would help increase the housing supply. As a result, fewer parcels would remain subject to the tax.

The annual fiscal impact as a result of the proposed exemption for parcels that change ownership is approximately \$572,000, reducing the annual average collection from \$5.91 million to \$5.34 million.

Table 2: Fiscal Impact of the Proposed Exemption for Parcels That Change Ownership

Vacant Property Tax (Fund 2270)							
Change in Ownership				Fiscal Year Actual Collection			
Tax year	No. of Parcels	Amount		Tax Year 1: 2019	FY 2020-21	\$4,714,741	
Tax Year 2: 2020	130	\$720,000		Tax Year 2: 2020	FY 2021-22	\$6,135,632	
Tax Year 3: 2021	123	\$675,000		Tax Year 3: 2021	FY 2022-23	\$4,939,323	
Tax Year 4: 2022	89	\$453,000		Tax Year 4: 2022	FY 2023-24	\$6,357,011	
Tax Year 5: 2023	108	\$555,000		Tax Year 5: 2023	FY 2024-25	\$7,416,083	
Tax Year 6: 2024	106	\$555,000		Tax Year 6: 2024	FY 2025-26	Not Yet Due	
Average	112	\$572,500		Average Collection (without new exemption)		\$5,912,558	
				Fiscal Impact (new exemption)			\$572,000
				Average Annual Collection (with new exemption)			\$5,340,558

There is no fiscal impact for the proposed removal of a reference allowing the discretion of a hearing officer to include the finding of facts and the establishment of a 12-month statute of limitations.

PUBLIC OUTREACH / INTEREST

No outreach was deemed necessary for this report beyond the standard City Council agenda noticing procedures.

COORDINATION

This report has been coordinated with the Budget Bureau and the City Attorney's office.

SUSTAINABLE OPPORTUNITIES

Economic: Vacant properties, either by choice of or neglected by their owners, leaving the City to keep them from becoming crime magnets, fire hazards, or dumping grounds. The special tax provides a dedicated source of revenue to provide services and programs to homeless people, to reduce homelessness, and to support the protection of existing and production of new affordable housing to lower income households, with minimal impact to the General Purpose Fund.

Environmental: The special tax will help maintain neighborhoods free from vacant and abandoned properties that could becoming public nuisances that affect health and the environment.

Race and Equity: There are no direct racial equity implications because the Vacant Property Tax is determined solely by the property's status, regardless of its location, value, or the race or ethnicity of the owner. The Ordinance addresses inequities in owners' ability to pay by providing exemptions for those who qualify as very low income, for owners who would experience financial hardship due to specific factual circumstances, for low income owners aged sixty-five (65) or older, and for owners, regardless of age, who receive certain government subsidies specified in the Ordinance, including disability insurance benefits.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt An Ordinance Amending Oakland Municipal Code Title 4, Chapter 4.56, Vacant Property Tax To 1) Add An Exemption For Parcels That Change Ownership After Assessment, 2) Require The Hearing Officer To Include Findings Of Fact In Their Decisions, And 3) Establish A Twelve Month Time Period Within Which Owners Of Parcels Deemed Vacant And Assessed The Vacant Property Tax Must File A Petition To Reverse The Assessment, Claim An Exemption, Or To Seek Refund Of Taxes Paid.

For questions regarding this report, please contact Nicole Welch, Revenue & Tax Administrator, (510) 238-7025.

Respectfully submitted,


[Bradley Johnson \(Nov 6, 2025 06:23:36 PST\)](#)

BRADLEY JOHNSON
Director of Finance
Finance Department

Reviewed by:
Nicole Welch
Revenue & Tax Administrator

Prepared by:
Jose Segura
Principal Revenue & Budget Analyst