

2015 OCT -8 PM 4: 20

City Attorney's Office

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

INTRODUCED BY COUNCIL PRESIDENT LYNETTE GIBSON MCELHANEY
AND COUNCILMEMBER DESLEY BROOKS

ADOPT A RESOLUTION OPPOSING THE REDUCTIONS PROPOSED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT'S "FAIR MARKET RATE" FORMULA WHICH WOULD DECREASE THE SECTION 8 VOUCHER VALUE AND CAUSE HARM AND DISPLACEMENT TO LOW-INCOME OAKLAND TENANTS.

WHEREAS, the City of Oakland faces a great housing crisis due to the lack of housing supply, the lack of production of new housing, a thriving economy in throughout the Bay Area, a growing demand to live in Oakland, and increased property values which incentivize owners to sell rental properties, which in many cases results in evictions or displacement of renters; and

WHEREAS, according to Zillow Real Estate Research, rental prices in Oakland increased 18.5% between August 2014 and August 2015; and

WHEREAS, the United States' Department of Housing and Urban Development ("HUD") Section 8 housing program is designed to house low-income residents in communities of choice, reverse patterns of concentrated poverty, and provide fair market rents to property owners to eliminate class bias in renting; and

WHEREAS, according to the Oakland Housing Authority, 13,000 Oakland residents hold Section 8 vouchers allowing families to live in dignity and security; and

WHEREAS, for each Metropolitan Statistical Area (MSA), HUD uses a formula to determine "Fair Market Rents" in order to determine a flat subsidy rate which Section 8 tenants will receive based upon the unit size they have been designated to rent; and

WHEREAS, HUD is currently proposing to decrease Fair Market Rent (FMR) values based upon stale data from as far back as 2009, which does not reflect the current rent increases that have affected Oakland and the Bay Area over the past year and which continue to rise; and

WHEREAS, the demand for Section 8 housing is great: the Alameda County Housing Authority opened its Section 8 wait list for one week in August, 2015 and received over 42,000 applications; and

WHEREAS, in Oakland, Section 8 voucher holders struggle to compete with the rising costs of rents that exceed what their vouchers provide; this is reflected in the low utilization rate of vouchers, which is at only 18.9% in 2015; and

RESOLVED: the Oakland City Council encourages HUD adjust its methodology in determining its Fair Market Rent so that it accurately reflects the cost of housing in our local rental markets, as the “national rate of change” is not an accurate measure for markets in high demand like Oakland; and be it

FURTHER RESOLVED: the Oakland City Council opposes the reduction of “Fair Market Rents” for Oakland residents due to the rapidly rising rent prices and potential loss of Section 8 units and vouchers which will make low-income families more housing insecure, eviscerate socio-economic diversity and leave families vulnerable to homelessness and displacement; and be it

FURTHER RESOLVED: the Oakland City Council supports the recommendations of the Housing Authority of Alameda County, East Bay Housing Organizations, Alameda County Community Development Agency, Alameda County Health Care Services Agency, and others as recourse to the adjust the methodology and to prevent potential harm upon Oakland Section 8 voucher holders:

- Use the 2014 1-year ACS data and change the base 5-year period from 2009-2013 to 2010-2014;
- Revise Step 3 of its methodology to adequately capture changes in MSAs like the Oakland-Fremont MSA where the rate of increase in rents accelerates in the latter part of the 5-year period;
- Revise Step 5 of its methodology to adequately capture changes in MSAs like the Oakland-Fremont MSA where the rate of increase in rents from 2014 to 2016 increased *far faster* than the national rate of change; and
- Since accomplishing the three above bullets will, beyond doubt, require more time to accomplish than housing programs in the Oakland-Fremont MSA can wait without creating a crippling impact on their programs, reimburse the consortium of local agencies paying for the rental study that they are currently commissioning to correct HUD’s proposed FMRs.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLÉN, KALB, KAPLAN, REID AND PRESIDENT GIBSON
MCELHANEY

NOES –
ABSENT –
ABSTENTION –
ATTEST: =

LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California