

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2009 APR 23 PM 7:59

## CITY OF OAKLAND *AGENDA REPORT*

TO: City Council  
FROM: Council Members Jean Quan and Nancy Nadel  
DATE: April 23, 2009

**RE: ADOPT A RESOLUTION TO SUPPORT AND SPONSOR ASSEMBLY BILL 280 (BLAKSLEE/MA), IF AMENDMED, RELATING TO THE CALIFORNIA EARTHQUAKE AUTHORITY ACCEPTING AND DISTRIBUTING FEDERAL STIMULUS FUNDS FOR SEISMIC RETROFIT OF MULTI-FAMILY, SOFT-STORY RESIDENCES**

### SUMMARY

Preventing loss of life and property in a major earthquake has been one of the Council's stated priorities. The Council approved the Seismic Strengthening Program for New Homeowners and Low Income Homeowners in June of 2007 (Enactment #12812), which provided incentives for owners of one-to-two family, one-to-two story cripple wall structures to retrofit their homes.

This fall, the Association of Bay Area Governments (ABAG) under a grant from FEMA did a preliminary survey of Oakland's multi-family soft story homes, representing 1479 buildings. The City is currently reviewing the initial survey and staff will be bringing to Council an incentive program for property owners to do more thorough surveys to identify which of these structures are at risk. A decision on whether or not to mandate retrofitting those at-risk structures has yet to be made. However, any way the City can encourage property owners to voluntarily retrofit their buildings will go a long way reducing the 26,000 homes that ABAG forecasts Oakland could lose in a major earthquake.

Assembly Bill 280 (Blakeslee/Ma) authorizes the California Earthquake Authority to accept and distribute Federal Stimulus Funds for Seismic Retrofit of Multi-Family, Soft Story Residences. Most of the bill's requirements would fit Oakland's situation, except for the requirement that the local jurisdiction have in place a mandatory retrofit requirement for at-risk soft-story multi-family residences. Because the Federal Stimulus Package can provide significant resources as an incentive for multi-family property owners, we propose that Oakland seek to have the bill amended to include voluntary as well as mandatory retrofits. If the bill's authors were amendable, then the City of Oakland would agree to co-sponsor the bill with the City of San Francisco.

The Bill has passed the Assembly Insurance Committee and will go before the Assembly Appropriations Committee on April 22, 2009.

## **FISCAL IMPACT**

No discernable fiscal impact.

## **BACKGROUND**

The United States Geological Services (USGS) has predicted a 60% chance of a major earthquake occurring in the Bay Area within the next 30 years. Experts predict that the Hayward Fault has a major earthquake every 140 years; the last major earthquake on the Hayward Fault was 141 years ago in 1868.

The Association of Bay Area Governments (ABAG) has forecast that Oakland could lose 1/3 of its housing—26,000 units—in a major earthquake. Most of these units (14,700) will be in soft story apartments and condominiums. The extensive damage to these structures will lengthen Oakland's post-disaster recovery, and change the architectural character of the City. It will also impact the amount of affordable housing returning to post-disaster Oakland.

“Apartments and condos most likely to be damaged house those with the fewest resources after earthquake, and thus most likely to need shelter for the longest periods of time,” according to a soon-to-be released ABAG Earthquake and Hazards Program, Local Hazard Mitigation Plan-Mitigation Policy Review Report on Soft-Story Residential Buildings in Earthquakes.

The sooner these at-risk structures can be seismically strengthened—before the next Big Earthquake—the better our City will be able to weather the impact of a major earthquake on our City and our residents.

In preparing that report, ABAG organized volunteer earthquake professionals in collecting data on multifamily residential buildings in Oakland. They found that 1479 buildings have 5 or more units, parking or commercial on at least part of the first floor and at least 2 stories. Of these, 942 buildings, containing 12,991 units, have either at least one wall that is 80% or more “open on the first floor, or at least two walls that are 50% or more “open on the first floor. These buildings are even more suspicious of being at risk.

Staff, working closely with the offices of Council Members Nadel and Quan, and ABAG, are developing a proposal that would require all owners of the potentially at-risk soft-story properties to do an approximately \$500 screening survey by a licensed contractor, architect or engineer to verify that their property does not meet the “at-risk” criteria. Those that show potential risk would then be required to do a more complete survey and to inform their tenants. It is clear from other cities' experience as well as Oakland's own experience with the cripple-wall retrofit program that property owners are more likely to embrace seismic retrofitting if there are incentives to offset the costs of the retrofit. In San Francisco, which just approved a mandatory retrofit program for these types of buildings, the typical cost of retrofitting will range from \$58,000 to \$114,000 per building or \$13,000 to \$19,000 per unit.

### **Details on AB 280**

Specifically, AB 280 as written Authorizes the California Earthquake Authority (CEA) to establish a program to access and dispense federal stimulus funds via loans and grants, subject to the following conditions:

1. The retrofit projects must be in cities or counties that have adopted local laws that:
  - a.) Mandate the retrofit of at-risk structures by 2040;
  - b.) Provide a streamlined and fast-tracked permit process for projects funded by a grant or loan from the CEA;
  - c.) Establish a procedure for tracking program-funded projects and reporting information to the CEA;
  - d.) The program may only fund retrofit projects on large, wood-framed, soft-story buildings with 3 or more stories and 5 or more residential units;
  - e.) The retrofit funds may only pay for retrofit or other mandated upgrades, and cannot be used for either functional or aesthetic improvements;
  - f.) The program is limited to disbursing federal funds only.

### **KEY ISSUES AND IMPACTS**

**Oakland has not yet approved such a program:** Council Members Nadel and Quan will be bringing forward a proposal to establish a screening program for multi-family soft-story residences within the next few weeks. The proposed program would incorporate retrofitting standards, much like what was done with the City's cripple-wall program. It is our hope that the City will have such a program in place by the time CEA is ready to distribute Federal stimulus funds.

**Oakland has not yet determined if such a program, if approved, would be mandatory:** The decision as to whether to mandate retrofitting of these at-risk soft-story buildings or to encourage voluntary retrofitting through incentives is yet to be made. In order to encourage as many property owners as possible to retrofit their at-risk buildings, having access to the CEA project funds for both mandatory and voluntary retrofits makes sense, provided the cities in which the property is located has in place an appropriate law regarding seismic strengthening of multi-family soft-story properties.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** Supporting AB 280 has no direct economic impact. However, the more soft-story apartments and condominiums that are retrofitted prior to the next big event on the Hayward Fault could greatly reduce economic losses due to residential housing stock becoming uninhabitable. Experts anticipate that Oakland could lose 26,000 homes in a Magnitude 6.8 earthquake on the Hayward Fault-- Most of these units (14,700) will be in soft story apartments and condominiums.

ABAG estimates a demand for 21,500 shelter beds in Oakland, far more than the estimated Oakland capacity for fewer than 5,000 beds in ADA-accessible facilities. A GIS-map showing the location of these facilities clearly demonstrates that the area around

Lake Merritt would be Oakland's "Ninth Ward" (referring to the devastation to New Orleans after Hurricane Katrina).

According to newly updated information from the 1868 Hayward Earthquake Alliance, a major earthquake on the Hayward Fault would impact more than 5 million people and property and contents valued in excess of \$1.5 trillion in the six counties surrounding the fault. If the 1868 earthquake of M. 6.8 were to reoccur today, Risk Management Solutions (RMS) estimates total economic losses to residential and commercial properties would likely exceed \$165 billion. Other factors, such as fire, damage to infrastructure and related disruption would substantially increase the loss.

Compare this to Hurricane Katrina where uninsured losses were approximately 60 to 70 percent of total economic losses, more than 95 percent of projected Hayward Fault earthquake residential losses and 85 percent of commercial losses will be uninsured.<sup>1</sup>

Encouraging owners of these at-risk multi-family soft-story apartments and condominiums is a key element in the effort to encourage more homeowners to proactively prepare for the next Big Earthquake by retrofitting their homes.

**Environmental:** The more housing stock that is stabilized through seismic retrofitting, the less debris, dust, etc. the City and its residents will have to deal with following a major earthquake on the Hayward Fault. Multi-family, soft-story buildings are frequently built next to other similar buildings. If they fail in an earthquake, some gas lines will rupture and start fires that could spread to neighboring buildings, causing even greater damage.

**Social Equity:** While at risk multi-family soft-story buildings are located throughout the city, they are concentrated around Lake Merritt and in neighborhoods in West and East Oakland. Unlike the City's cripple wall program, which offers incentives to homeowners, the residents of many of these soft-story buildings are renters, and at the mercy of their property-owners to retrofit their apartment. The cost of retrofitting multi-family units runs between \$58,000 and \$114,000 per building, according to recent estimates in San Francisco. AB 280, if amended, would provide incentives for owners of these at-risk apartments to tackle the expense and proactively retrofit their buildings.

## **DISABILITY AND SENIOR CITIZEN ACCESS**

Approval of this resolution could improve disability and senior citizen access by providing property owners incentives to seismically strengthen their apartments.

## **RECOMMENDATION AND RATIONALE**

We recommend that Council Members approve the resolution to support and sponsor Assembly Bill 280 (Blakeslee/Ma) Relating To The California Earthquake Authority Accepting And Distributing Federal Stimulus Funds For Seismic Retrofit Of Multi-Family, Soft-Story Residences with the following Amendment:

The retrofit projects must be in cities or counties that have adopted local laws that mandate or voluntarily encourage the retrofit of at-risk structures by 2040.

**ACTION REQUESTED OF THE CITY COUNCIL**

**Council Members Quan and Nadel ask that the Council adopt a resolution to support and sponsor Assembly Bill 280 (Blakeslee/Ma) Relating To The California Earthquake Authority Accepting And Distributing Federal Stimulus Funds For Seismic Retrofit Of Multi-Family, Soft-Story Residences with the following Amendment:**

**The retrofit projects must be in cities or counties that have adopted local laws that mandate or voluntarily encourage the retrofit of at-risk structures by 2040.**

Respectfully submitted,

Jean Quan  
Councilmember District 4

Nancy Nadel  
Councilmember District 3

Prepared by  
Sue Piper  
Policy Analyst, District 4

# CITY OF OAKLAND

## BILL ANALYSIS



Date: 2009 APR 23 PM 7: 59

Bill Number: AB 280

Bill Author: Blakeslee/Ma

### DEPARTMENT INFORMATION

Contact: Sue Piper, District 4  
238-7042  
[spiper@oaklandnet.com](mailto:spiper@oaklandnet.com)

Xiaojing Wang, District 3  
238-7031  
[xwang@oaklandnet.com](mailto:xwang@oaklandnet.com)

FAX # 238-6129

### RECOMMENDED POSITION: SUPPORT IF AMENDED

#### Summary of the Bill

Assembly Bill 280 (Blakeslee/Ma) authorizes the California Earthquake Authority to accept and distribute Federal Stimulus Funds for Seismic Retrofit of Multifamily, Soft Story Residences. Most of the bill's requirements would fit Oakland's situation, except for the requirement that the local jurisdiction have in place a mandatory retrofit requirement for at-risk soft-story multifamily residences.

Specifically, AB 280 as written Authorizes the California Earthquake Authority (CEA) to establish a program to access and dispense federal stimulus funds via loans and grants, subject to the following conditions:

1. The retrofit projects must be in cities or counties that have adopted local laws that:
  - a). Mandate the retrofit of at-risk structures by 2040;
  - b). Provide a streamlined and fast-tracked permit process for projects funded by a grant or loan from the CEA;
  - c.) Establish a procedure for tracking program-funded projects and reporting information to the CEA;
  - d.) The program may only fund retrofit projects on large, wood-framed, soft-story buildings with 3 or more stories and 5 or more residential units;
  - e.) The retrofit funds may only pay for retrofit or other mandated upgrades, and cannot be used for either functional or aesthetic improvements;
  - f.) The program is limited to disbursing federal funds only.

Item: \_\_\_\_\_  
Rules & Legislation Comte.  
Date xx, 2006

Because the Federal Stimulus Package can provide significant resources as an incentive for multi-family property owners, we propose that Oakland seek to have the bill amended to include voluntary as well as mandatory retrofits. If the bill's authors were amendable, then the City of Oakland would agree to co-sponsor the bill with the City of San Francisco.

### **Positive Factors for Oakland**

Provides funding resources for incentives to encourage property owners of multifamily soft-story units to seismically retrofit their buildings.

By encouraging retrofitting, Oakland is taking proactive action to reduce the estimated 26,000 housing units that are anticipated to become uninhabitable following a major earthquake. Most of these units (14,700) will be in soft story apartments and condominiums. The extensive damage to these structures will lengthen Oakland's post-disaster recovery, and change the architectural character of the City. It will also impact the amount of affordable housing returning to post-disaster Oakland.

### **Negative Factors for Oakland**

None known

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

**Critical (top priority for City lobbyist, city position required ASAP)**

(AB 280 has passed the Assembly Insurance Committee and went to the Assembly Appropriations Committee on April 22. Any amendments would need to be addressed by the authors before it goes to the Senate.)

**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:**

California Apartment Association

California Rural Legal Assistance Foundation (in concept)

Western Center on Law and Poverty (in concept)

**Known Opposition:**

None known at this time

**Attach bill text and state/federal legislative committee analysis, if available.**

Respectfully Submitted,

Jean Quan, Council District 4

Nancy Nadel, Council District 3

Approved for Forwarding to  
Rules Committee

---

Office of City Administrator

Item: \_\_\_\_\_  
Rules & Legislation Comte.  
Date xx, 2006



**ASSEMBLY BILL**

**No. 280**

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND  
2009 APR 23 PM 7:59

**Introduced by Assembly Members Blakeslee and Ma**

February 12, 2009

---

An act to add Section 10089.55 to the Insurance Code, relating to the California Earthquake Authority.

LEGISLATIVE COUNSEL'S DIGEST

AB 280, as introduced, Blakeslee. California Earthquake Authority: retrofit programs: grants.

Existing law establishes the California Earthquake Authority, administered under the authority of the Insurance Commissioner. Existing law provides that the authority shall be governed by a 3-member governing board consisting of the Governor, the Treasurer, and the commissioner. The authority is authorized to transact insurance as necessary to sell policies of basic residential earthquake insurance, as specified.

This bill would authorize the board to create a program, administered by the authority, to access and dispense federal stimulus dollars for purposes of retrofitting multiunit, soft-story buildings, as specified.

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

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) There is a 99 percent chance that a magnitude 6.7 or greater
- 4 earthquake will occur in California sometime in the next 30 years.

1 (b) The Great Southern California Shakeout, a program run by  
2 the Earthquake Country Alliance and the University of Southern  
3 California's Southern California Earthquake Center, found that a  
4 large earthquake in southern California would cost about \$213  
5 billion dollars, including business interruption.

6 (c) The Great Southern California Shakeout estimates that about  
7 1,800 people would die in a large southern California earthquake.

8 (d) The next major earthquake on the Hayward Fault, near the  
9 bay area, may cause more than \$165 billion in property damage  
10 alone.

11 (e) The last major earthquake on the Hayward Fault was 140  
12 years ago. The last five earthquakes on the fault have come, on  
13 average, 140 years apart.

14 (f) There are approximately 4,600 wood-framed buildings with  
15 three or more stories and five or more residential units in San  
16 Francisco.

17 (g) In San Francisco, approximately 80 percent of the weakest  
18 wood-framed buildings are expected to completely collapse or be  
19 damaged beyond repair in a large earthquake; residents of these  
20 approximately 2,000 uninhabitable buildings would need new  
21 homes for the years it would take to rebuild. Approximately 60,000  
22 people live, 2,000 businesses use, and 7,000 employees work in  
23 these buildings.

24 (h) Multifamily housing is slow to recover after an earthquake.  
25 A 1994 study after the Loma Prieta earthquake found that one year  
26 after the earthquake, 90 percent of the units destroyed were still  
27 out of service. Four years later, 50 percent were still not repaired  
28 or replaced.

29 (i) Retrofit projects provide hundreds of spade-ready jobs that  
30 could commence within 12 months.

31 (j) Retrofit projects stimulate the economies of San Francisco  
32 and the East Bay at a time when unemployment is soaring.

33 (k) Retrofits would cost approximately \$9,000 to \$28,000 per  
34 residential unit for direct construction costs.

35 (l) Retrofit construction would last two to four months and  
36 would be limited to the ground floor.

37 (m) For the most dangerous wood-framed units in San Francisco,  
38 total unit collapse could be reduced to one in 30 rather than the  
39 current level of one in five.

1 (n) Depending on the type of retrofit performed on a building,  
2 average per unit dollar loss avoided to structure and contents ranges  
3 from \$24,000 to \$52,000.

4 SEC. 2. Section 10089.55 is added to the Insurance Code, to  
5 read:

6 10089.55. The board may, for purposes of retrofitting multiunit  
7 soft-story buildings, establish a program, administered by the  
8 California Earthquake Authority, to access and dispense federal  
9 stimulus dollars made available by the federal government to  
10 stimulate the economy. The authority may offer grants or loans  
11 for some or all of the costs of a project, as otherwise allowed under  
12 this section. The following limitations shall apply to funds  
13 dispensed by the authority under this program:

14 (a) The authority shall only fund retrofit projects that are located  
15 in city or county jurisdictions which have adopted, by ordinance,  
16 a retrofit program that includes:

17 (1) Mandated retrofits of at-risk structures within the jurisdiction  
18 by the year 2040 or earlier.

19 (2) A streamlined and fast-tracked permit procedure for seismic  
20 retrofit projects funded by the authority through the program  
21 created under this section.

22 (3) A procedure for tracking and documenting program-funded  
23 retrofit projects and for reporting about these projects to the  
24 authority.

25 (b) The authority shall only fund retrofit projects of large,  
26 wood-framed, soft-story buildings with three or more stories and  
27 five or more residential units, and each of these projects shall be  
28 rated on its ability to mitigate the greatest risk at the lowest cost.

29 (c) The program shall only fund retrofit or other mandated  
30 upgrades and shall not fund functional or aesthetic improvements.

31 (d) The authority shall only dispense federal funds.

2009 APR 23 PM 7:59  
RESOLUTION No. \_\_\_\_\_ C.M.S.

INTRODUCED BY COUNCILMEMBERS JEAN QUAN & NANCY NADEL

---

**RESOLUTION IN SUPPORT OF AB 280, IF AMENDED, (BLAKESLEE/MA)  
RELATING TO THE CALIFORNIA EARTHQUAKE AUTHORITY  
ACCEPTING AND DISTRIBUTING FEDERAL STIMULUS FUNDS FOR  
SEISMIC RETROFIT OF MULTI-FAMILY, SOFT-STORY RESIDENCES**

**WHEREAS**, the City of Oakland is subject to major earthquake-related hazards including very violent ground shaking; and

**WHEREAS**, the U.S. Geological Survey has found that there is 62% chance that one or more earthquakes of magnitude 6.7 or greater will occur on one of several active faults in the Bay Area in the next 30 years; and

**WHEREAS**, seismic experts predict that Oakland would lose 1/3 of its housing in the event of a major Bay Area earthquake with significant loss of life and economic devastation to the City; and

**WHEREAS**, the Hayward Fault has a major earthquake on average once every 140 years and it has been 141 years since the 1868 Hayward Earthquake; and

**WHEREAS**, the City of Oakland seeks to maintain and enhance a disaster-resistant region by reducing the potential loss of life, property damage, and environmental degradation from natural disasters, while accelerating economic recovery from those disasters; and

**WHEREAS**, the City of Oakland is committed to helping meet the need of Bay Area residents for safe and disaster-resistant housing that is architecturally diverse and serves a variety of household sizes and incomes; and

**WHEREAS**, the City of Oakland finds that multi-family residential buildings with parking or commercial space on the first floor constructed using standards before the 1988 Uniform Building Code may have a soft story condition that represents a significant earthquake risk to the safety of residents and their property; and

**WHEREAS**, the Association of Bay Area Governments has just completed a preliminary survey of potential soft-story multi-family residences of 2-to-7 stories in anticipation of the City moving forward with additional regulations leading to seismic retrofitting of such soft-story buildings at risk of extreme damage or failure in the event of a major earthquake; and

**WHEREAS**, AB 280 paves the way for the California Earthquake Authority to establish a program to access and dispense federal stimulus dollars for purposes of retrofitting multiunit, soft-story buildings, provided the local jurisdiction has adopted, by ordinance, a retrofit program that provides for a streamlined and fast-tracked permit procedure, a procedure for tracking and documenting program-funded retrofit projects; and

**WHEREAS**, The City of Oakland will be considering a similar bill with a non-mandatory orientation; now therefore be it

**RESOLVED:** The Oakland City Council supports and is a sponsor of AB 1508 (Blakeslee/Ma), provided it is amended to include voluntary as well as mandatory retrofits of multi-family, soft-story residential buildings; and be it further

**RESOLVED:** That the City Administrator and the City's state lobbyist are directed to advocate for the City's position on AB 280 to the State Legislature.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, DE LA FUENTE, KAPLAN, NADEL, REID, QUAN, KERNIGHAN and PRESIDENT BRUNNER  
NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_

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