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OFFICE OF THE CITY CLERK
OAKLAND

2019 OCT 31 PM 3:59

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Adam Benson
Director of Finance

SUBJECT: Vacant Property Tax Rates
For Properties Deemed Vacant in
2019

DATE: October 28, 2019

City Administrator Approval

Date:

10/31/19

RECOMMENDATION

Staff Recommends The City Council Adopt A Resolution Approving The Vacant Property Tax Rates For Properties Deemed Vacant In Calendar Year 2019.

EXECUTIVE SUMMARY

This report is to recommend the City Council adopt a resolution approving the tax rates for properties deemed vacant in calendar year 2019 at the maximum tax rates, as specified in Measure W.

BACKGROUND / LEGISLATIVE HISTORY

On July 24, 2018, the Oakland City Council adopted Resolution No. 87319 C.M.S calling and giving notice, on its own motion, for a voter consideration of the ballot measure to adopt a Special Parcel Tax on vacant properties to fund solutions for homelessness, illegal dumping remediation, and 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.

ANALYSIS AND POLICY ALTERNATIVES

The measure defines three different categories of parcels that may be subject to tax:

- (1) Residential and non-residential land parcels, both developed and undeveloped;
- (2) Individually owned condominium, duplex, or townhouse units; and
- (3) Ground floor commercial spaces.

Item _____
City Council
November 5, 2019

The proposed Resolution sets the tax rates at the maximum tax rates, as specified in the Measure, for properties deemed vacant in calendar year 2019. The maximum tax rate for parcels in the first category, residential and non-residential land parcels, is \$6,000 per year. The maximum tax rate for parcels in the second and third categories is \$3,000 per year.¹

FISCAL IMPACT

There are a significant number of variables that will impact the amount of revenue raised by the Vacant Property Tax. First, active use of a parcel for more than 50 days during a calendar year may be a relatively easy threshold to meet. Furthermore, it is very difficult to know the number of parcels that will be in use less than 50 days in a calendar year but will meet one of the ten (10) allowable exemptions in the measure.

The FY 2020-21 budgeted \$7 million in revenue from the Vacant Property Tax. A combination of developed and undeveloped parcels with in use less than 50 days in a calendar year and not be considered exempt under the ordinance. For example, approximately 875 undeveloped parcels (\$6,000) and 584 developed parcels or vacant ground floor commercial (\$3,000) will net \$7 million (875 x \$6,000) + (584 x \$3,000) = \$7 million.

PUBLIC OUTREACH / INTEREST

Staff has conducted extensive research and public outreach campaign to gather comments on the implementation of the Measure W. Staff has also notified potential affected property owners the purpose, date and time of Finance & Management Committee meeting of September 24, 2019 and the City Council meeting of October 15, 2019. This item will be posted on the City's website for the November 5, 2019 City Council meeting.

COORDINATION

This report has been coordinated with the Office of City Attorney and Budget Bureau.

PAST PERFORMANCE, EVALUATION AND FOLLOW-UP

Past Performance: There is no past performance as this is the proposed Resolution to set the tax rates for calendar year 2019

Evaluation: There is no evaluation as this is proposed Resolution to set the Vacant Property Tax rates for calendar year 2019.

Follow-Up: Staff will perform follow-up report as required.

¹ OMC, § 4.56.030(E).

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.

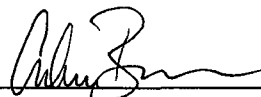
Race and Equity: Vacant properties depress value across an entire neighborhood and generate little or no tax revenues themselves. The special tax offers a source of funding to help with the cleanup and therefore increases the property values.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends the City Council adopt a resolution approving the Vacant Property Tax rates for properties deemed vacant in calendar year 2019.

For questions regarding this report, please contact Margaret O'Brien, Revenue & Tax Administrator, (510) 238-7480.

Respectfully submitted,



Adam Benson
Director of Finance
Finance Department

Reviewed by:
Margaret O'Brien
Revenue and Tax Administrator
Finance Department

Prepared by:
Huey Dang
Revenue Analyst
Finance Department

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OAKLAND

Ravi S Patel
City Attorney's Office
Ravi S Patel

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OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION ESTABLISHING TAX RATES FOR PROPERTIES SUBJECT TO THE VACANT PROPERTY TAX FOR CALENDAR YEAR 2019

WHEREAS, on November 6, 2018, Oakland voters approved Measure W, which established an annual tax on vacant property at a maximum rate of \$6,000 for certain properties and \$3,000 for other properties to support and fund homelessness programs and services, affordable housing, Code Enforcement, and clean-up of blighted properties and illegal dumping (the "Vacant Property Tax"); and

WHEREAS, the Vacant Property Tax and section 4.56.030(G) of the Oakland Municipal Code authorize the City Council to establish, by resolution, annual tax rates at or less than the maximum tax rates authorized in Measure W; and

WHEREAS, the City Council desires to set the tax rates as set forth below for properties deemed vacant in calendar year 2019; now, therefore, be it

RESOLVED: That the City Council finds, determines, and declares that properties deemed vacant in calendar year 2019 pursuant to the Vacant Property Tax shall be levied at the maximum allowable tax rates.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND
PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

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