

CITY OF OAKLAND

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CITY HALL • 1 FRANK H. OGAWA PLAZA • OAKLAND, CALIFORNIA 94612
REBECCA KAPLAN (510) 238-7008
At-Large FAX: (510) 238-6910
atlarae@oaklandnet.com TDD: (510) 839-6451

Date: May 17, 2018

To: City Council

From: Councilmember Kaplan

Re: A RESOLUTION ON THE CITY COUNCIL'S OWN MOTION SUBMITTING TO THE VOTERS AT THE STATEWIDE GENERAL ELECTION ON NOVEMBER 6, 2018, A PROPOSED ORDINANCE TO ADOPT A SPECIAL PARCEL TAX ON VACANT PROPERTIES TO FUND SOLUTIONS FOR HOMELESSNESS, ILLEGAL DUMPING REMEDIATION, AND RELATED PROGRAMS; AND DIRECTING THE CITY CLERK TO TAKE ANY AND ALL ACTIONS NECESSARY UNDER LAW TO PREPARE FOR AND CONDUCT THE NOVEMBER 6, 2018 STATEWIDE GENERAL ELECTION.

Dear Colleagues on Oakland City Council and Members of the Public,

As many of you know, Oakland has been facing skyrocketing rates of homelessness, with the counts in our community increasing dramatically in recent years. Per the Point in Time Count from Everyone Home, those unhoused in the City of Oakland has risen from 2,191 to 2,761 from 2015 to 2017 (see attached).

This situation is causing widespread suffering, as people are living in difficult situations in underpasses and sidewalks, often without access to water, bathrooms, and more. This endangers the entire community, both those with and without homes, and creates a potential for expanding blight and the spread of disease. The homeless numbers in Oakland comprise of the largest segment of those in our County. The overwhelming majority, 86%, of those living unhoused in our community are from here, and the main cause of increased homelessness are economic reasons – as members of our community face increased displacement and financial pressures with the rising cost of housing.

As homelessness is rising, the resources available to help solve it have not kept up with the increased need. In our budget deliberations, it has been difficult to dedicate adequate funds to homeless solutions when those needs compete with other community priorities. Therefore, to

remedy this growing problem, we should have a dedicated funding source of additional revenue.

At the same time, we have a large number of vacant properties in our community. In fact, it appears there are more vacant properties than homeless people in the City of Oakland. These vacant properties, which remain vacant for extended periods of time, negatively impact our community, attracting crime, blight and illegal dumping. Properties that remain vacant undermine the safety and vitality of our neighborhoods, ineffectively take up space that can be used for housing and other purposes, and reduce jobs and tax revenue for our community.

To address this, I am proposing that we create a tax on vacant properties, and dedicate the funding to homeless solutions. This is a proposed ballot Measure, to adopt a Special Parcel tax, exclusively on vacant properties, where the revenue will be dedicated to specified purposes. The Council would have the power to reduce the tax and make other changes to procedures as long as they do not increase the tax.

Staff has estimated that there are at least 5,000 vacant properties in the City of Oakland. If we impose a vacant property tax, some of these properties will end up being exempted, and some may go to collections. Therefore, it may raise around \$10 million per year. This can provide more resources for navigation centers, rapid rehousing, cleaning, sanitation, small homes, alternative housing structures, eviction prevention, rent assistance, and other vital steps to improve this crisis.

The tax rates for each property type are set forth in the table below:

PROPERTY TYPE	ANNUAL TAX RATE
Residential	\$6,000 per parcel
Condominium or townhouse unit under separate ownership	\$3,000 per vacant residential unit
Nonresidential	\$6,000 per parcel
Undeveloped	\$6,000 per parcel

In addition to creating a dedicated funding source, by taxing vacant properties, this Measure will help encourage people to put those properties back into use, thus, increasing the housing supply. Properties that are left vacant for extended periods of time can attract crime and cause blight, harming the surrounding neighborhood. Taxing vacant properties, therefore, is helpful on both ends of this problem. The tax itself will encourage more property to come into use, and the money raised will be used to help solve this crisis. We have previously discussed the idea of creating a vacant property registry without a tax ballot Measure, and Planning staff had encouraged us to explore a vacant property tax as an alternative strategy which could bring in enough revenue to be effective.

The proposed vacancy tax would apply to all vacant property throughout the city, including undeveloped property, vacant commercial, industrial buildings, and vacant residential units. A property would be classified as vacant if it has not been occupied for any use for at least 50 days in a calendar year. The property need not have a building or structure on it to be "in use." For example, this proposed tax would not apply to properties that are used as gardens, or to host farmers' markets. The Measure would create an administrative process through which the owner of vacant property could apply for a hardship waiver to be exempted from the tax.

The following people will be exempt from the tax imposed by this Ordinance:

- 1) very low income owners, as defined by the United States Department of Housing and Urban Development;
- 2) owners for whom this tax would be a financial hardship due to specific factual circumstances;
- 3) owners whose property is vacant as a result of a demonstrable hardship that is not financial;
- 4) owners who can demonstrate that exceptional specific circumstances prevent the use or development of the property;
- 5) owners of property under active construction;
- 6) owners of property for which an active building permit application is being processed by the City;
- 7) owners (a) who are 65 years of age or older and (b) who qualify as "low income," as the term "low income" is defined by the United States Department of Housing and Urban Development;
- 8) owners who receive Supplemental Security Income for a disability, regardless of age;
- 9) owners who receive Social Security Disability Insurance benefits, regardless of age, whose yearly income does not exceed 250 percent of the 2012 federal poverty guidelines issued by the United States Department of Health and Human Services;
- 10) an owner that is a non-profit organization or entity owned or controlled by a non-profit organization;
- 11) owner of a parcel on which projects have submitted a substantially complete application for planning approvals but have not yet received approval;
- 12) projects with entitlement approvals needing time for completion may apply for and receive an administrative two-year exemption; and
- 13) an owner that is a government agency.

The City Council will establish the procedures for owners to apply for, and the City to grant, hardship exemptions, and the City Council may also establish other such hardship exemptions it determines to be appropriate.

The parcel tax will be adopted as a Special Tax, and if approved by 2/3 of the voters, would be collected by Alameda County through the property tax rolls, unless the Council chooses to adopt a different collection method. In addition, this Measure directs the creation of a

Community Commission on Homelessness to help direct the proper use of the funds, and publish an annual report regarding how and to what extent the City Council and Mayor have implemented this Ordinance. Other cities, such as Washington, D.C., and Vancouver, Canada have implemented taxes on vacant properties (see attached Exhibits B and C). Oakland can help move this solution forward.

Tax funds may be used to provide services and programs to homeless people, to reduce homelessness, and to support the provision of affordable housing. Examples of such uses include, but are not limited to:

- Job training, apprenticeship, pre-apprenticeship, drug treatment, and job readiness assistance programs for homeless people or those at risk of becoming homeless;
- Assistance connecting homeless people or those at risk of becoming homeless with available services and resources, including assistance applying for housing or public benefit programs;
- Housing assistance, including the provision of temporary housing or move-in expenses, such as first-month's rent and a security deposit, and emergency rental assistance;
- Sanitation and cleaning services related to homeless encampments, and remedying blight and illegal dumping;
- Incentive programs to encourage property owners to make space available for low-income housing, including making funds available for physical improvements to enable a unit to be used for a voucher-based housing program;
- Relocation assistance funding for low-income households facing displacement;
- Financial assistance for the design, development, construction or operation of affordable housing units, including housing alternatives, accessory dwelling units and small homes;
- Accessibility support to provide or maintain housing, and make needed improvements for accessibility, for seniors and persons with disabilities;
- Displacement prevention, tenant education and assistance, emergency rent assistance; and
- Navigation centers to provide space for people to stay, along with on-site support services for the homeless. Funding may be used for both capital and operating costs related to navigation centers.

In addition, the costs to administer and implement the tax and the Commission and audits would be covered.

I respectfully ask for your support to put this Measure on the November 2018 ballot, to give the voters of Oakland an opportunity to decide to dedicate new funding to this large and growing problem.

Thank you very much for your consideration,



Councilmember At-Large Rebecca Kaplan

Also, please see the following attachments:

- 1) Everyone Home Point in Time Homeless Count Data for Oakland
<http://everyonehome.org/wp-content/uploads/2016/02/City-of-Oakland-ES.pdf>
- 2) Article about vacant property tax in Vancouver
<http://fortune.com/2016/11/21/vancouver-vacant-property-tax-rentals/>
- 3) Article about vacant property tax rate in Washington, D.C.
<https://www.washingtoncitypaper.com/news/housing-complex/blog/20839403/dc-tightens-regulations-on-vacant-properties>

CITY OF OAKLAND

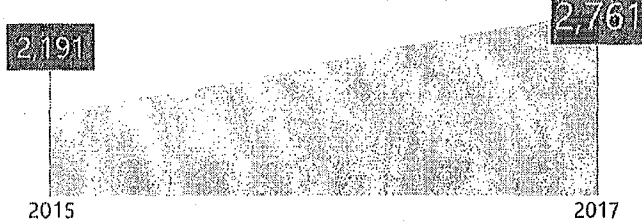
2017 EVERYONE COUNTS HOMELESS POINT-IN-TIME COUNT AND SURVEY

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Every two years, during the last 10 days of January, communities across the country conduct comprehensive counts of the local homeless populations in order to measure the prevalence of homelessness in each local Continuum of Care.

The 2017 Alameda County Point-in-Time Count was a community-wide effort conducted on January 30, 2017. In the weeks following the street count, a survey was administered across Alameda County. In the city of Oakland, 457 unsheltered and sheltered homeless individuals were surveyed, in order to profile their experience and characteristics.

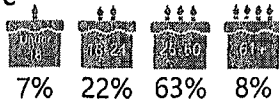
2017 Homeless Census Survey Population



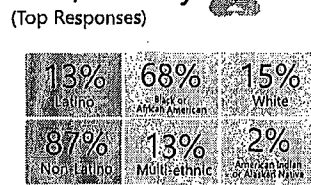
2017 Sheltered/Unsheltered Population



Age



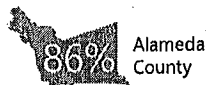
Race/Ethnicity



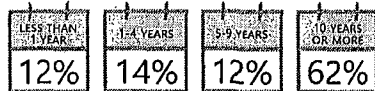
Gender



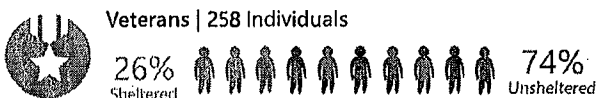
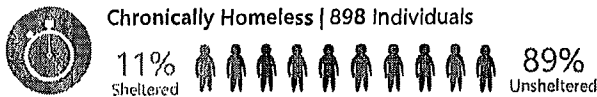
Residence Prior to Homelessness



Length of Time in Alameda County



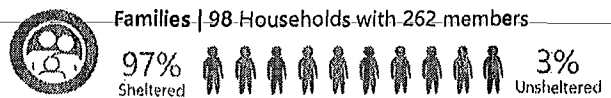
Subpopulations



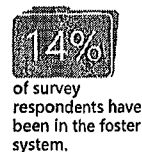
2017 Sheltered/Unsheltered Population by City

City	Sheltered	Unsheltered	City	Sheltered	Unsheltered
OAKLAND	859	1,902	UNION CITY	0	40
BERKELEY	308	664	EMERYVILLE	0	29
HAYWARD	84	313	NEWARK	42	28
FREMONT	197	282	DUBLIN	0	21
LIVERMORE	102	141	PLEASANTON	0	18
ALAMEDA	94	110	PIEDMONT	0	0
ALBANY	0	66	UNINCORPORATED	26	194
SAN LEANDRO	54	55	TOTAL	1,766	3,863

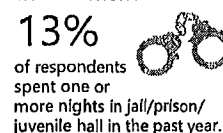
Household Breakdown



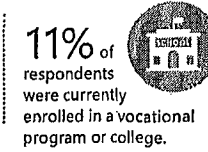
Foster Care



Justice System Involvement



Post K-12 Education



Health Conditions

Current health conditions affecting housing stability or employment

(Note: Multiple response question; numbers will not total 100%)



46%

Chronic health problems



45%

Psychiatric or emotional conditions



PTSD

36%

Post-Traumatic Stress Disorder



32%

Physical disability



31%

Drug or alcohol abuse



12%

Traumatic brain injury



7%

AIDS/HIV related

Disabling Conditions

Respondents reported the number of conditions that limited their ability to maintain work or housing. Many reported multiple conditions.

18%

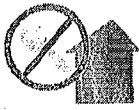
12%

of survey respondents reported having two or more disabling conditions

22%

of survey respondents reported having three or more disabling conditions

First Homelessness Episode



30% 70%
Yes No

35% of those experiencing homelessness for the first time were homeless for one year or more

Age at First Episode of Homelessness

10%	19%	38%
0-17	18-24	25-39
16%	16%	1%
40-49	50-64	65+

Primary Cause of Homelessness

(Top 6 Responses)

58%	14%	14%
Money Issues	Personal Relationships	Mental Health Issues
12%	10%	6%
Physical Health Issues	Substance Use Issues	Incarceration

What Might Have Prevented Homelessness

(Top 4 Responses)

48%	36%
Rent Assistance	Employment Assistance
25%	25%
Food Assistance	Mental Health Services

Not Interested in Housing

1% of survey respondents said they were not interested in independent, affordable rental housing or housing with supportive services.

Services and Assistance



66% of survey respondents reported receiving benefits or support

Services Currently Accessing

(Top 6 Responses)

68%	49%	32%
Free Meals	Emergency Shelter	Health Services
17%	16%	14%
Transitional Housing	Drop-In Center	Mental Health Services

Reasons for Not Accessing Shelter Services

(Top 6 Responses)

41%	40%	28%
Bugs and germs	They are full	They are too crowded
18%	16%	14%
There are too many rules	Concerns for personal safety	They are too far away

4%	36%	60%
30 days or less	1 month	1 year or more

Subpopulation Definitions

Chronically Homeless

An individual with a disabling condition or a family with a head of household with a disabling condition who:
Has been continuously homeless for 1 year or more and/or
Has experienced 4 or more episodes of homelessness within the past 3 years

Veterans

Persons who have served on active duty in the Armed Forces of the United States. This does not include inactive military reserves or the National Guard unless the person was called up to active duty.

Families

A household with at least one adult member (persons 18 or older) and at least one child member (persons under 18)

Unaccompanied Children

Children under the age of 18 who are homeless and living without a parent or legal guardian

Transition-Age Youth

Young adults between the ages of 18 and 24 years old

Oakland County will release a comprehensive report of The EveryOne Home 2017 Homeless Count and Survey in Summer 2017. For more information about EveryOne Home and effort to address homelessness in Alameda County please visit www.EveryOneHome.org

Source: Applied Survey Research. (2017). Alameda County Homeless Census & Survey. Watsonville, CA.

Vancouver Is Taxing Owners of Empty Homes

George Rose Getty Images
By **TIME**
November 21, 2016

Vancouver is ranked as one of the most livable cities in the world, but with sky-high property prices and the number of available rentals bottoming out near zero, actually living there is out of reach for many.

In a bid to goad landlords into leasing their properties, the city has slapped owners of vacant units with an additional C\$10,000 (\$7,450) annual tax—and there's a further C\$10,000 in daily fines for landlords who dare to lie about keeping their properties empty.

Vancouver's new vacant property tax, formally approved Nov. 16, is expected to boost available rental properties to about 3.5% from less than 1% currently, Bloombergreports.

Announcing the tax at City Hall on Nov. 9, Vancouver Mayor Gregor Robertson told reporters, "In Vancouver's rental housing crisis, the city won't sit on the sidelines while over 20,000 empty and under-occupied properties hold back homes from renters."

Robertson estimated that more than 10,800 homes are empty, and some 10,000 other properties are not fully used.

The tax, which will take effect by Jan. 1, is one of a plethora of measures aimed at making housing more affordable and accessible in the country's most

expensive property market. It follows a 15% tax on foreign buyers and a narrowing of mortgage insurance eligibility requirements.

Public ire has been directed toward absentee landlords, particularly those from overseas, who are accused of hoovering up the city's condos as investment properties while others struggle to find homes.

But some developers say the new tax alone won't be enough to open up Vancouver's shuttered rental market.

Condo marketer Bob Rennie told Canada's *Globe and Mail* that creating "rental zones," especially around transit hubs, would instead help make housing more accessible. "Freeing up vacant rental in 5,000-square-foot units in Coal Harbor isn't a solution for anybody," Rennie said, referring to the effects of the recent tax measure. "The solution is under \$1,500 a month, and I think rental-only zoning will do that."

D.C. Tightens Regulations on Vacant Properties

Provisions would encourage owners to make repairs more quickly.

ANDREW GIAMBRONE

NOV 1, 2016 1 PM

DARROW MONTGOMERY

It will soon become harder for landlords to neglect vacant or blighted properties under a bill the D.C. Council unanimously passed today.

The measure—first introduced by At-Large Councilmember **Elissa Silverman** and co-sponsored by nine of her colleagues in December—seeks to maintain such buildings at higher property tax rates (5 and 10 percent more than standard for those determined to be vacant and blighted, respectively) until owners affirmatively prove to the Department of Consumer and Regulatory Affairs that they've abated issues. Current law requires that DCRA verify that buildings are vacant or blighted every six months, even when an owner has not indicated that they've made improvements. This has led to inconsistent enforcement of property laws and consumed inspectors' time.

The legislation also limits the period an owner can claim an exemption from higher taxes on derelict buildings because of construction to one year for residential properties and to two years for commercial properties. It increases the maximum fine for failing to comply with relevant DCRA orders from \$1,000 to \$5,000. Finally, the bill mandates DCRA to maintain and publish a list of neglected properties so residents can see how long they've remained as such and when any tax exemptions on them are set to expire.

"This bill came at the request of D.C. residents who wanted us to address the issue of vacant and blighted properties in their neighborhoods, [which] can be unsafe and unsanitary," Silverman said. Such buildings can reduce surrounding home values and encourage crime. Furthermore, as At-Large Councilmember **Robert White** added, "Each vacant property is a lost opportunity to provide housing for a family that might otherwise be displaced or left homeless." Mayor **Muriel Bowser's** administration has indicated that it supports the legislation.

This wasn't the only housing-related bill the council unanimously passed today. Lawmakers advanced one that would give the Office of the Tenant Advocate power to recoup funds it expends to help relocate displaced residents into short-term arrangements and assist them with finding permanent housing. The legislation would apply when a property owner has failed to meet maintenance obligations for circumstances within their control.

Ward 1 Councilmember **Brianne Nadeau**, who proposed the legislation in March, noted that in fiscal year 2015, almost 350 tenants were displaced and OTA spent \$400,000 (16 percent of its budget) on emergency housing. It's usually needed after fires, like one that forced two mothers in Anacostia to vacate their apartments in August.

"Most landlords are good actors," Nadeau said. "This bill protects tenants and [provides] tools to hold neglectful landlords accountable."

The council must approve both bills a second time before they're sent to Bowser for signing.
