

CITY OF OAKLAND

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OFFICE OF THE CITY CLERK
OAKLAND

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Date: July 19, 2018

To: City Council

From: Councilmembers Kaplan, Guillen, and Kalb

Re: RESOLUTION ON THE CITY COUNCIL'S OWN MOTION SUBMITTING TO THE VOTERS AT THE GENERAL MUNICIPAL 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 SPECIFIED PROGRAMS; AND DIRECTING THE CITY CLERK TO TAKE ANY AND ALL ACTIONS NECESSARY UNDER LAW TO PREPARE FOR AND CONDUCT THE NOVEMBER 6, 2018 GENERAL MUNICIPAL 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, duplex, or townhouse unit under separate ownership	\$3,000 per vacant residential unit
Nonresidential	\$6,000 per parcel
Parcel with ground floor commercial activity allowed but vacant	\$3,000 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 is in use **less than** fifty (50) days during 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) An Owner who qualifies as very low-income, as the term "very low income" is defined by the United States Department of Housing and Urban Development.
- 2) An Owner for whom the payment of the tax imposed by this Ordinance would be a financial hardship due to specific factual circumstances.
- 3) An Owner whose property is vacant as a result of a demonstrable hardship that unrelated to the Owner's personal finances.
- 4) An Owner who can demonstrate that exceptional specific circumstances prevent the use or development of the property. By way of example only and without limiting the generality of the foregoing, exceptional specific circumstances that prevent the use or development of property include property damage by a recent natural disaster, an undeveloped parcel adjoining a developed residential parcel and used by the occupants as part of the yard, and property with physical conditions that prevent development. The details of this exemption shall be further defined by separate ordinance of the City Council.
- 5) An Owner of a property that is under active construction. To qualify for this exemption, an Owner must call for inspections of the construction with sufficient frequency to keep the building permit or permits active.
- 6) An Owner of property for which an active building permit application is being processed by the City.
- 7) An Owner (1) who is 65 years of age or older and (2) who qualifies as "low income," as the term "low income" is defined by the United States Department of Housing and Urban Development.
- 8) An Owner who, regardless of age, (i) receives Supplemental Security Income for a disability or (ii) Social Security Disability Insurance benefits, regardless of age and 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.
- 9) An Owner that is a non-profit organization or entity owned or controlled by a non-profit organization.
- 10) An Owner of a parcel included in a substantially complete application for planning approvals that has not yet received approval. An Owner of a parcel for which a project

with development entitlements have been approved but needing time for completion may apply for and receive an administrative two-year exemption.

The City Administrator's Designee 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, bathroom, and cleaning services related to homeless encampments, and programs to supplement remedying and deterring blight and illegal dumping throughout the City;
- 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 such as, without limitation, shipping container homes, 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; and
- 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; and
- Code enforcement and cleanup of blighted vacant properties, other blight elimination, and remedying illegal dumping, including legal action to address any of the foregoing as necessary. No less than twenty-five percent (25%) of the revenue deposited into the Vacant Parcel Tax Fund in any single year shall be used to pay for the uses listed in this paragraph.

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.

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>
- 4) Support letter from the Lend a Hand Foundation
- 5) Support letter from Alameda County Supervisor Nate Miley

CITY OF OAKLAND

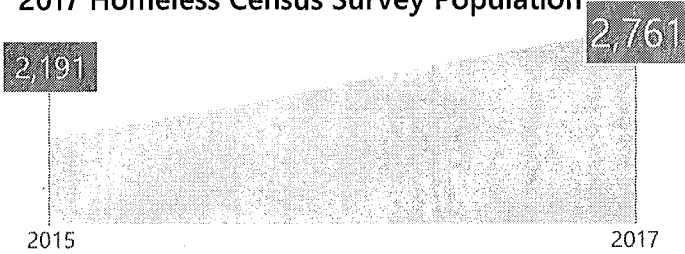
2017 EVERYONE COUNTS

HOMELESS POINT-IN-TIME COUNT AND SURVEY

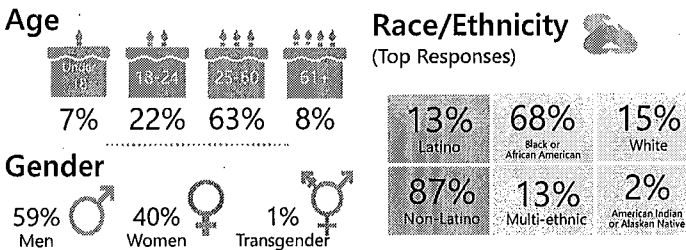
Every two years, during the last 10 days of January, communities across the country conduct comprehensive counts of the local homeless populations in order to measure the prevalence of homelessness in each local Continuum of Care.

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



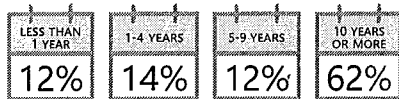
2017 Sheltered/Unsheltered Population



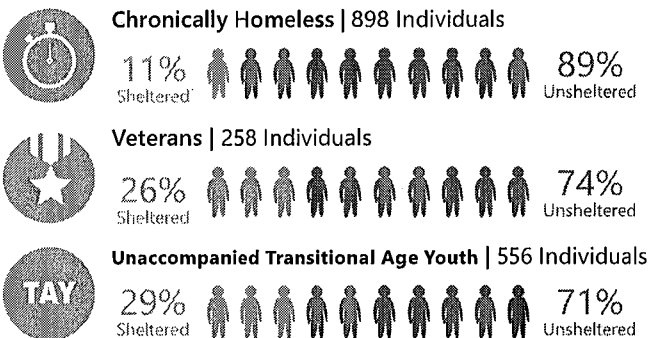
Residence Prior to Homelessness



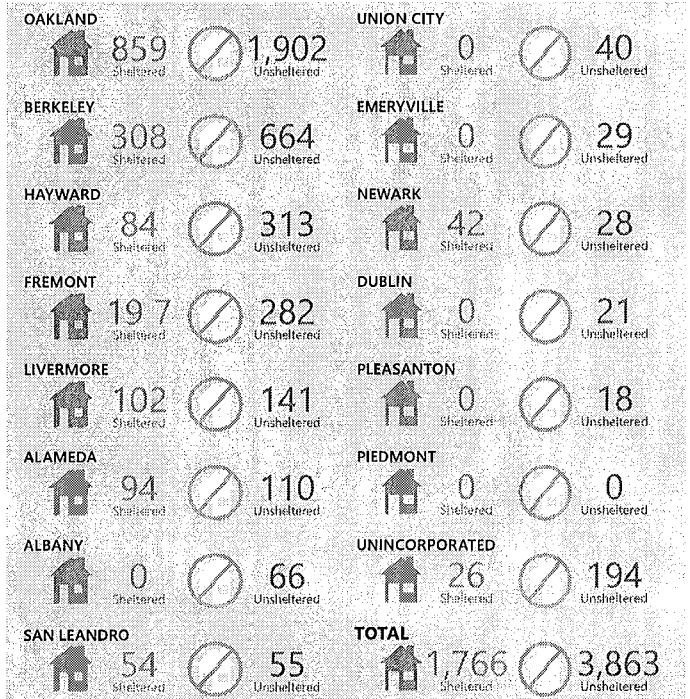
Length of Time in Alameda County



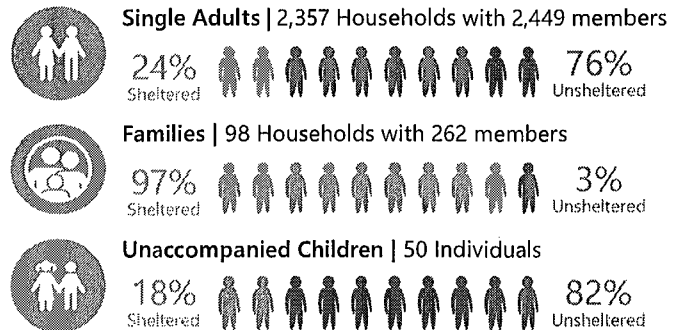
Subpopulations



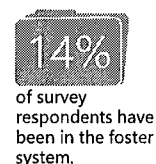
2017 Sheltered/Unsheltered Population by City



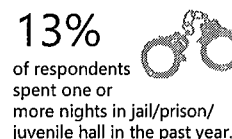
Household Breakdown



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 to 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 disabling conditions.

22%

of survey respondents reported having three or more disabling conditions.

First Homelessness Episode



30% Yes
70% No

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

Age at First Episode of Homelessness

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

Primary Cause of Homelessness

(Top 6 Responses)

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

What Might Have Prevented Homelessness

(Top 4 Responses)

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

Not Interested in Housing

1%

Only 1% of survey respondents said they were not interested in Independent, Affordable Rental Housing or Housing with Supportive Services.

Duration of Current Episode of Homelessness	4% 30 days or less	36% 1-11 months	60% 1 year or more
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Services and Assistance



66% of survey respondents reported receiving benefits or support

Services Currently Accessing

(Top 6 Responses)

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

Reasons for Not Accessing Shelter Services

(Top 6 Responses)

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

*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.

FORTUNE

Vancouver Is Taxing Owners of Empty Homes



High-rise condominiums, offices and hotels along the waterfront in Vancouver, British Columbia, Canada. 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, *Bloomberg* reports.

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.

For more on housing markets, watch Fortune's video:

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."

CITY

D.C. Tightens Regulations on Vacant Properties

Provisions would encourage owners to make repairs more quickly.

BY 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.

JOIN THE CONVERSATION!

This site requires you to [login](#) or [register](#) to post a comment.



Posted by E Mt Pleasant

Nov 04 2016 13:08

I am all for neglectful landlords getting slapped with higher rates, but two things must be addressed. First, this article reads that the higher rate will go into effect "until owners affirmatively prove to the [DCRA] that they've abated issues." They should not be taxed until they've abated it, but rather until they start to take steps to abate it. If a house needs significant renovations to market it for sale or rent, it may take months and months. Responsible landlords going through that process should not be taxed at such high rates the entire time, especially because proper permitting takes so long. Second, has any on the Council ever tried to apply for a vacancy exemption? Just getting it approved takes two to

Dee Johnson, Executive Dir.
Fund Development Chair

Christian Asa
Executive Assistant, Operations
Aurora Sanchez
Executive Assistant, Programs

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Gail Johnson Murphy
Ret. Counselor, Chabot College
Wanda Scott
Ret. Teacher/WCCUSD
Gloria Taylor, AAUW

Youth Advisory Committee



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THE LEND A HAND FOUNDATION



April 10, 2018

Re: Support for Vacant Property Tax to Fund Homeless Solutions

Dear Members of the Oakland City Council,

On behalf of the Lend A Hand Foundation, we are in support of a Vacant Property Tax Fund to support homeless situation in Oakland. As many of you know, Oakland has been facing skyrocketing rates of homelessness with the counts in our community increasing dramatically in recent years.

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 spread of disease. The homeless numbers in Oakland comprise the largest numbers of those in our County.

The People of Oakland need your support to help solve homelessness and provide the supports to mitigate the suffering throughout our community. We need more resources for navigation centers, rapid rehousing, cleaning and sanitation, small homes and alternative housing structures, and other vital steps to improve this crisis. As the needs for homeless solutions compete against other requests for funding in the budget, to solve this important problem, it would be helpful to have a dedicated funding source. **Therefore, we endorse and encourage your support for, the proposal from Oakland City Councilmember At-Large Rebecca Kaplan, to tax vacant properties, and dedicate the funding to homeless solutions.** Please support putting 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.

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, and harm 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 understand that other cities, such as Washington, D.C., and Vancouver, Canada have implemented taxes on vacant properties. Oakland can help move this solution forward. Thanks very much for your consideration.

Sincerely,

Dee Johnson

Dee Johnson
Executive Director



Board of Supervisors

Nathan A. Miley
Supervisor, District 4

Oakland Office
1221 Oak Street, Suite 536
Oakland, CA 94612
510-272-6694/510-465-7628 Facsimile

Eden Area District Office
20980 Redwood Road, Suite 250
Castro Valley, CA 94546
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Pleasanton District Office
4501 Pleasanton Avenue, 2nd Floor
Pleasanton, CA 94566
925-803-7959

district4@acgov.org

Date: May 5, 2018

To: Members of the Oakland City Council

From: Supervisor Nate Miley

Re: Supporting Councilmember Kaplan's Vacant Property Tax for the Nov. 2018 Ballot

Dear Members of the Oakland City Council,


Oakland has been plagued with illegal dumping and has been hit hard by the homelessness crisis. It is important that we implement policies and find innovative funding sources to combat illegal dumping and uplift those who are homeless in a dignify way.

That is why I'm urging you to please support Councilmember Kaplan's Vacant Property Tax to be placed on the November 2018 Ballot.

Councilmember Kaplan's Vacant Property Tax Ballot Measure will create a new funding stream to help fund homeless solutions and abate illegal dumping. The Measure gives property owners an incentive put their property back into use, thus generating more available housing; and as property are being put back into use, this will combat blight, which in turn, can deter illegal dumping.

For these reasons, I ask that you please support Councilmember Kaplan's Vacant Property Tax to be placed on the November 2018 Ballot. If you have any questions, please feel free to contact me at (510) 272-6694.

Sincerely,


Nate Miley

18 JUL 19 PM 1:12
INTRODUCED BY COUNCIL MEMBER KAPLAN, KALB AND GUILLEN

CITY ATTORNEY

OAKLAND CITY COUNCIL

DRAFT

RESOLUTION NO.C.M.S.

RESOLUTION ON THE CITY COUNCIL'S OWN MOTION SUBMITTING TO THE VOTERS AT THE GENERAL MUNICIPAL 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 SPECIFIED PROGRAMS; AND DIRECTING THE CITY CLERK TO TAKE ANY AND ALL ACTIONS NECESSARY UNDER LAW TO PREPARE FOR AND CONDUCT THE NOVEMBER 6, 2018 GENERAL MUNICIPAL ELECTION

WHEREAS, Oakland is suffering from a serious housing crisis as housing costs in the City increase drastically, making housing at all levels of affordability and particularly affordable housing scarce and unavailable for many Oakland residents; and

WHEREAS, the lack of sufficient housing generally and affordable housing in particular in Oakland is contributing to a large and growing crisis of homelessness, which is increasing human suffering throughout the community, creating public health risks, and negatively affecting economic activity, which deprives residents of income and opportunity. The housing crisis is also causing displacement of long-term Oakland residents, diminishing the richness of the community that contributes to making the City a desirable place to live; and

WHEREAS, Oakland is also experiencing significant vacancy of property, including residential and commercial land and buildings left unused for long periods of time; and

WHEREAS, there are a number of properties in the City that are being kept vacant, undeveloped, and unoccupied by any legal use; and

WHEREAS, properties that are vacant or undeveloped deprive the community of the economic opportunity and housing that could be provided if those properties were put into use, reducing the supply of units available to house people and businesses, thus making it more difficult for people to find space to live or operate businesses within the City; and

WHEREAS, properties that are vacant also deprive the City of the revenue needed to provide public services, by reducing the tax revenue that is generated when properties provide space for active uses or are developed for housing or businesses; and

WHEREAS, when properties are kept in a vacant state they have negative impacts on the community, including encouraging blight, crime, and illegal dumping; and

WHEREAS, properties that are vacant contribute to a negative and unpleasant atmosphere, deterring economic and community activity from locating in the area; and

WHEREAS, traditional funding sources have not kept up with the rising homeless crisis, resulting in increasing numbers of people living in problematic conditions on sidewalks and beneath underpasses; and

WHEREAS, in order to help remedy homelessness and the affordable housing crisis, it is important both to reduce the number of properties that are kept vacant or undeveloped, and to provide a funding source for homeless and affordable housing solutions; and

WHEREAS, the City Council desires to submit to the qualified electors of the City a proposed ordinance to adopt a special parcel tax on vacant properties to support affordable housing and services for homeless people; and

WHEREAS, such a special tax will also discourage property owners from keeping properties vacant; and

WHEREAS, the proposed tax will have a hardship exemption process, so that people with financial difficulty or other valid reason the property had to be vacant can have the tax waived, and non-profits are exempt; and

WHEREAS, the special tax imposed by the proposed ordinance is authorized by Article XIII A of the California Constitution and section 50075 of the California Government Code; and now therefore be it

RESOLVED, that the Oakland City Council finds and determines the forgoing recitals are true and correct and hereby adopts and incorporates them into this Resolution; and be it

FURTHER RESOLVED, that the Oakland City Council does hereby call for a general municipal election and submit to the voters, at the November 6, 2018, General Election, an Ordinance that reads as follows:

Be it ordained by the People of the City of Oakland:

Section 1. Title.

This Ordinance may be referred to as the "Oakland Vacant Property Tax Act."

Section 2. Purpose.

The taxes imposed under this Ordinance are solely for the purpose of raising revenue necessary to support and fund services for homeless people and affordable housing, and related programs, described below. Because the proceeds of the parcel tax will be deposited into a special fund restricted for the services and programs specified in this Ordinance, the tax is a special tax.

Section 3. Code Amendment.

A new Chapter is hereby added to the Oakland Municipal Code to read as follows:

Chapter 4.56 Vacant Property Tax

- Section 4.56.010 Definitions**
- Section 4.56.020 Determination of Vacancy**
- Section 4.56.030 Imposition of Parcel Tax on Vacant Property**
- Section 4.56.040 Vacant Property Tax Fund**
- Section 4.56.050 Use of Vacant Property Tax Act Revenue**
- Section 4.56.060 Commission on Homelessness**
- Section 4.56.070 Accountability**

Section 4.56.010. Definitions

"City" means the City of Oakland.

"Commission" means the Commission on Homelessness authorized by this Ordinance.

"County" means Alameda County.

"Heavily Impacted Neighborhoods" means the geographic area defined by the boundaries of 2010 Census Tracts 4007, 4008, 4009, 4010, 4014, 4015, 4016, 4017, 4018, 4022, 4024, 4025, 4026, 4027, 4030, 4033, 4057, 4053.02, 4054.01, 4054.02, 4055, 4056, 4058, 4059.01, 4059.02, 4060, 4061, 4062.01, 4062.02, 4063, 4064, 4065, 4071.01, 4071.02, 4072, 4073, 4074, 4075, 4076, 4077, 4085, 4086, 4087, 4088, 4089, 4090, 4091, 4092, 4093, 4094, 4095, 4096, 4097, 4102, 4103, 4104, and 4105. See Map (Attachment A) below.

"Mixed use parcel" means a parcel that is improved with both: i) at least one residential unit, and ii) uses other than a residential unit.

"Multifamily residential parcel" means all parcels that are improved with more than one residential unit.

"Owner" means the owner or owners of the real property located within the City of Oakland.

"Nonresidential parcel" means all parcels that are improved with uses other than residential units.

"Parcel" shall mean a unit of real property in the City of Oakland as shown on the most current official assessment role of the Alameda County Assessor.

"Residential parcel" means all parcels that are improved with one or more residential units.

"Residential unit" means a building or structure, or portion thereof, designed for or occupied exclusively by one household, including unrelated persons who live together and maintain a common household.

"Single-family residential parcel" means all parcels which are improved with only one residential unit.

"Tax" means the special tax authorized by this Ordinance.

"Undeveloped parcel" means all parcels, regardless of zoning or other land use designation, upon which no permanent improvements have been constructed or placed.

"Use" means the performance of a function or operation.

Section 4.56.020. Determination of Vacancy

A. For the purposes of this ordinance, a parcel of real property shall be deemed "vacant" and subject to the tax imposed by Section 4.56.030 below if the parcel is any of the following:

1. A parcel of land, whether undeveloped, residential (including multifamily residential), or non-residential, that is in use less than fifty (50) days during a calendar year.

2. A condominium, duplex, or townhouse unit under separate ownership that is in use less than fifty (50) days during a calendar year.

3. A parcel of land where ground floor commercial activities are allowed by the applicable zoning (with or without a use permit) or are a legal nonconforming use and all

of the ground floor space that could be lawfully occupied by commercial activities is in use less than fifty (50) days in a calendar year.

B. The City Council shall establish, by ordinance, a method for determining and identifying the use and vacancy status of each parcel of real property in the City.

Section 4.56.030. Imposition of Parcel Tax on Vacant Property

A. A special tax in the amounts set forth below is hereby imposed on every vacant parcel of real property within the City, other than those exempted, as described below.

B. The tax constitutes a debt owed by the Owner of each parcel to the City.

C. Unless the City Council selects another method for collection of the tax, the County shall levy and collect the tax on each parcel of real property in the City for which the Owner receives a separate ad valorem property tax bill, at the same time and manner, and subject to the same penalties and procedures as ad valorem property taxes collected by the County except as otherwise set forth in this Ordinance.

D. If 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. The special tax shall first be imposed no sooner than the ad valorem property tax bill for fiscal year 2020-2021 for parcels that were vacant in the previous calendar year.

E. Tax Rates.

1. The maximum tax rates for each property type shall be as set forth in the table below. The City Council may lower, but not increase, the rates, and may by Ordinance adopt further categories of exemption. The City shall be responsible for assigning a tax rate for each parcel.

PROPERTY TYPE	ANNUAL TAX RATE
Residential	\$6,000 per parcel
Condominium, duplex, or townhouse unit under separate ownership	\$3,000 per vacant residential unit
Nonresidential	\$6,000 per parcel
Parcel with ground floor commercial activity allowed but vacant	\$3,000 per parcel
Undeveloped	\$6,000 per parcel

2. For parcels with multiple units, whether residential or non-residential, the parcel is not vacant if any unit on it is not vacant. A condominium, duplex, or townhouse unit

under separate ownership is treated as a separate parcel for the purposes of this Chapter, and if it is vacant, is subject to the tax regardless of the status of any other unit on the same lot or that is part of the same development.

3. For parcels where ground floor commercial activities are allowed by the applicable zoning (with or without a use permit) or are a legal nonconforming use, if all of the ground floor space that could be lawfully occupied by commercial activities is vacant, then the parcel shall be subject to the tax regardless of whether any other portion of the structures on the parcel are occupied.

F. Real property otherwise wholly exempt from ad valorem tax by state law shall also be exempted from the tax imposed by this Ordinance.

G. Adjustment in Tax Rate

The City Council may, by resolution, establish an annual tax rate less than the maximum amount then authorized. Following any such decrease in the annual tax rate, the City Council may, by resolution, increase the annual tax rate to the maximum rate then permitted, or to any other amount less than the maximum rate then permitted, without obtaining voter approval.

H. For parcels divided by Tax Rate Area lines, the payment for the portion of the parcel within Alameda County shall be calculated at the same rates as set forth above. For properties wholly within Alameda County and divided by Tax Rate Area lines into multiple parcels, the property shall be taxed as a single parcel at the rates set forth above.

I. Imposition of Tax by Zones

The City Council may, by ordinance, establish zones or areas within the City and may restrict the levy of the tax to properties within the zones or areas established.

J. Exemptions

1. The following shall be exempt from the tax imposed by this Ordinance:

a. An Owner who qualifies as very low-income, as the term "very low income" is defined by the United States Department of Housing and Urban Development.

b. An Owner for whom the payment of the tax imposed by this Ordinance would be a financial hardship due to specific factual circumstances.

c. An Owner whose property is vacant as a result of a demonstrable hardship that is unrelated to the Owner's personal finances.

d. An Owner who can demonstrate that exceptional specific circumstances prevent the use or development of the property. By way of example only and without limiting the generality of the foregoing, exceptional specific circumstances that prevent the use or development of property include property damage by a recent natural disaster, an undeveloped parcel adjoining a developed residential parcel and used by the occupants as part of the yard, and property with physical conditions that prevent development. The details of this exemption shall be further defined by separate ordinance of the City Council.

e. An Owner of a property that is under active construction. To qualify for this exemption, an Owner must call for inspections of the construction with sufficient frequency to keep the building permit or permits active.

f. An Owner of property for which an active building permit application is being processed by the City.

g. An Owner (1) who is 65 years of age or older and (2) who qualifies as "low income," as the term "low income" is defined by the United States Department of Housing and Urban Development.

h. An Owner who, regardless of age, (i) receives Supplemental Security Income for a disability or (ii) Social Security Disability Insurance benefits, regardless of age and 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.

i. An Owner that is a non-profit organization or entity owned or controlled by a non-profit organization.

j. An Owner of a parcel included in a substantially complete application for planning approvals that has not yet received approval. An Owner of a parcel for which a project with development entitlements have been approved but needing time for completion may apply for and receive an administrative two-year exemption.

2. The City Administrator's Designee, (which if not otherwise designated shall be the Finance Director), shall establish the procedures and guidelines for owners to apply for, and grant, the exemptions identified in this section. Owners who claim an exemption may be required to submit information annually to substantiate their continuing qualification for the exemption.

3. The City Council may, by ordinance, establish such other exemptions to the tax imposed by this Ordinance and the authorized methods of collection of the tax, as it determines to be appropriate.

Section 4.56.040.

Vacant Property Tax Fund

The "Vacant Property Tax Fund" ("Fund") is hereby created as a special revenue fund. Proceeds from the Oakland Vacant Property Tax Act, including penalties and interest earned on such proceeds, shall be deposited into the Fund and used only for the purposes listed in Section 4.56.050.

Section 4.56.050. **Use of Vacant Property Tax Act Revenue**

Monies deposited in the Vacant Property Tax Fund shall be used solely for those purposes identified in this Section.

A. Tax funds may be used to provide services and programs to homeless people, to reduce homelessness, and to support the protection of existing and production of new housing affordable to lower income households as defined in California Health and Safety Code Section 50079.5 at an affordable housing cost or affordable rent as defined in Health and Safety Code Sections 50052.5 and 50053. Examples of such uses include, but are not limited to:

1. Job training, apprenticeship, pre-apprenticeship, drug treatment, and job readiness assistance programs for homeless people or those at risk of becoming homeless;
2. 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;
3. 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;
4. Sanitation, bathroom, and cleaning services related to homeless encampments, and programs to supplement remedying and deterring blight and illegal dumping throughout the City;
5. 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;
6. Relocation assistance funding for low-income households facing displacement;
7. Financial assistance for the design, development, construction or operation of affordable housing units, including housing alternatives such as, without limitation, shipping container homes, accessory dwelling units and small homes.
8. Accessibility support to provide or maintain housing, and make needed improvements for accessibility, for seniors and persons with disabilities; and

9. Displacement prevention, tenant education and assistance, emergency rent assistance; and

10. 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; and

11. Code enforcement and cleanup of blighted vacant properties, other blight elimination, and remedying illegal dumping, including legal action to address any of the foregoing as necessary, no less than twenty-five percent (25%) of the revenue deposited into the Vacant Parcel Tax Fund in any single year shall be used to pay for the uses listed in this paragraph.

B. Monies in the Vacant Property Tax Fund may be used to pay the costs of audits of the use of monies in the Fund.

C. Monies in the Vacant Property Tax Fund may be used to pay for the City's costs of the election required to obtain voter approval of the tax authorized by this Ordinance, including City Attorney costs to prepare this Ordinance and related documents. City Attorney costs shall be deposited in a Revenue account for sole use by the Office of the City Attorney.

D. Monies in the Vacant Property Tax Fund may be used to pay for the costs of administering the special tax, regardless of how or by what entity those administrative services are provided. No more than fifteen percent (15%) of the revenue deposited into the Vacant Parcel Tax Fund in any single year may be used to pay for such administrative costs, except that revenue used to pay for the costs of the Commission on Homelessness established by Section 4.56.060 shall not count toward the fifteen percent (15%). Notwithstanding the foregoing, the City shall be reimbursed for its actual costs of establishing the program for collecting the tax, which costs shall be confirmed by the City Auditor. Administrative costs include, but are not limited to:

1. The costs to the City of determining and identifying the use and vacancy status of every parcel in the City;

2. The costs to the City associated with monitoring and enforcing compliance with this Ordinance. Authorized costs include, but are not limited to, any expenses, including attorneys' fees, associated with any proceedings needed to enforce the requirements of this Ordinance;

3. The costs to the City associated with developing ordinances and regulations to implement this Ordinance;

4. The costs to the City associated with the operations of the Commission on Homelessness established by Section 4.56.060 of this Ordinance; and

5. Reimbursement to the County for the costs it incurs in collecting the tax.

E. If this Ordinance or the use of tax funds is legally challenged, tax funds may be used to reimburse the City for its costs of legal defense, including attorneys' fees and other expenses.

Section 4.56.060. **Commission on Homelessness**

There is hereby established a Commission on Homelessness (the "Commission").

A. The Commission shall advise the City Council regarding use of the revenue generated by the Tax as authorized in Section 4.56.050, including services and programs for homeless people, reduction of homelessness, and supporting the provision of affordable housing to households qualifying as at least low-income households.

B. The Commission shall consist of nine (9) members who are all residents of the City. No less than half of the members must be residents of Heavily Impacted Neighborhoods. No less than three members must be currently homeless, formerly homeless or low-income, as the term "low income" is defined by the United States Department of Housing and Urban Development. No less than three members who have professional expertise in, or are providers of, homeless services or housing. No less than one representative who has financial expertise. Members may fulfill more than one of these criteria for the purposes of meeting these requirements. City Councilmembers shall make recommendations for members to the Mayor. Members of the Commission shall be appointed by the Mayor and confirmed by the City Council in accordance with City Charter section 601.

C. Members shall serve three (3) year terms. No member shall serve more than two (2) consecutive three (3) year terms. The initial three (3) year term for each of the initial members shall commence as of the date that six (6) members have been appointed, which is when the Commission may begin its work. A quorum of the Commission shall be five (5) members. A member may be removed for cause pursuant to City Charter section 601. Absence from three (3) consecutive regular meetings, or four (4) regular meetings during a single fiscal year, may constitute cause for removal from the Commission, in accordance with City charter section 601.

D. Members of the Commission shall serve without pay.

E. The City Administrator or designee shall provide clerical assistance and administrative support and technical assistance to the Commission.

F. The Commission shall meet at least four (4) times per fiscal year.

G. The Commission shall publish an annual report regarding how and to what extent the City Council and Mayor have implemented this Ordinance. Additionally, the Commission may publish reports regarding the following: 1) recommendations on how to allocate the tax funds in accordance with the requirements of this Ordinance; 2) information, if available, concerning the impact of this Ordinance on homelessness and illegal dumping in the City; and 3) any additional information that the Commission deems appropriate. The City Council may assign other duties to the Commission as provided for by Ordinance.

H. Within 15 days of receipt of a Commission report, the City Administrator or designee shall cause the report to be published on the City's Internet website and to be transmitted to the City Council. The Report and Recommendations shall be included in the published packet and provided to the City Council as part of the Agenda at the meeting(s) at which the Council allocates the Vacant Property Tax funding.

Section 4.56.070. **Accountability**

A. In accordance with the requirements of California Government Code Sections 50075.1 and 50075.3, the following accountability measures, among others, shall apply to the tax:

1. A separate, special account, referred to as the Vacant Property Tax Fund, shall be created, into which the proceeds of the tax must be deposited.
2. The specific purposes of the tax are for the funding of programs and services for homeless people, to reduce homelessness, and to support the provision of affordable housing and for as the other purposes set forth in Section 4.56.050 of this Ordinance. The proceeds of the tax shall be applied only to these specific purposes.
3. The Commission established by Section 4.56.060 shall perform the oversight functions listed in that Section to ensure that the revenue from the tax is spent solely for the purposes listed in Section 4.56.050.
4. The City Auditor shall perform regular audits to ensure accountability and proper disbursement of all revenue collected by the City from the tax imposed by this Ordinance, in accordance with the objectives stated herein and in compliance with provisions of California law.

B. During the term of the tax, the City of Oakland shall not reduce the amount of unrestricted General Fund expenditures on illegal dumping remediation below the amount expended in the 2018-2019 fiscal year. The City Auditor's reports on the uses of the Vacant Property Tax Fund shall include the percentage that was spent on illegal dumping remediation and blight remediation and shall also evaluate whether the City has satisfied the requirement to maintain the level of unrestricted General Fund

expenditures on illegal dumping remediation. If the City Auditor finds that in any fiscal year the amount of unrestricted General Fund expenditures on illegal dumping remediation is less than the total amount expended in fiscal year 2018-2019, the City of Oakland shall increase unrestricted General Fund expenditures for illegal dumping remediation within the following two fiscal years so that total unrestricted General Fund expenditures on illegal dumping remediation over three fiscal years is equal to three times fiscal year 2018-19 expenditures.

Section 4. Severability.

Should any provision of this Ordinance, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this Ordinance or the application of this Ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

Section 5. California Environmental Quality Act Requirements.

The City Council hereby determines that this Ordinance is not in-and-of-itself a "project" pursuant to the California Environmental Quality Act, Public Resources Code section 21000 et seq., including without limitation CEQA Guidelines 15378(b)(4) and 15061(b)(3), as it can be seen with certainty that there is no possibility that the adoption of the ordinance itself may have a significant effect on the environment. To the extent that vacant property tax revenues generated by the Ordinance may in the future be used to fund the construction of capital improvements, the Ordinance may assist in the financing of future "projects" that will be subject to environmental review pursuant to CEQA at the "earliest feasible time" prior to "approval" consistent with CEQA Guidelines Sections 15004 and 15352.

Section 6. Approval; Effective Date.

This Ordinance, and all the provisions thereof, shall become effective only upon affirmative passage by a two-thirds majority vote of the voters voting on the Ordinance. This Ordinance shall be considered adopted on the date that the City Council declares the results of the election at which it was voted upon and shall be effective ten days thereafter.

Section 7. Council Amendments.

This Ordinance may only be amended by a vote of the people if the amendment would result in the special tax being imposed, extended, or increased in a manner not authorized by this Ordinance as originally approved by the voters. The City Council of the City of Oakland is hereby authorized to amend Chapter 4.56 of the Oakland Municipal Code as adopted by this Ordinance in any manner that does not increase the

tax rates, or otherwise constitute a tax increase for which voter approval is required by Article XIII C of the California Constitution.

Section 8. City of Oakland Vacant Property Tax Collection Law.

The City shall collect the tax pursuant to rules and procedures established by the Vacant Property Parcel Tax Collection Law.

Section 9. Expiration of Tax.

This Ordinance shall expire 20 years after it is first levied. By way of example only and without limiting the generality of the foregoing, if the tax were first levied in the 2020-21 tax year, the 2040-41 tax year would be the last year in which it may be levied. The voters of the City of Oakland may amend the term of the tax at any time prior to its expiration.

; and be it

FURTHER RESOLVED: that each ballot used at said general municipal election shall have printed therein, in addition to any other matter required by law, the following:

Shall the Measure, to fund homeless services and resources to address illegal dumping, and discourage vacant properties, by enacting a Vacant Property Tax on parcels in use less than 50 days per year, at annual rates of \$6,000 per parcel, and \$3,000 for a condominium unit; raising about \$10,000,000 annually for 20 years; with audits, community oversight, exemptions for very low income, low-income seniors and hardship, be adopted?	Yes	
	No	
[SUBJECT TO CITY ATTORNEY APPROVAL		

; and be it

FURTHER RESOLVED: that the City Council hereby authorizes and directs the City Clerk of the City of Oakland (the "City Clerk") at least 88 days prior to November 6, 2018, to file with the Alameda County Clerk certified copies of this Resolution; and be it

FURTHER RESOLVED: that the City Council does hereby request that the Board of Supervisors of Alameda County include on the ballots and sample ballots recitals and measure language to be voted on by the voters of the qualified electors of the City of Oakland; and be it

FURTHER RESOLVED: that the City Council does hereby request that the Registrar of Voters of the County of Alameda perform necessary services in connection with said election; and be it

FURTHER RESOLVED: that the City Clerk is hereby directed to cause the posting, publication and printing of notices, pursuant to the requirements of the Charter of the City of Oakland, Chapter 3 of the Oakland Municipal Code, the Government Code and the Election Code of the State of California; and be it

FURTHER RESOLVED: that in accordance with the Elections Code and the Oakland Municipal Code, the City Clerk shall fix and determine a date for submission of arguments for or against said proposed Ordinance and rebuttals, and said date shall be posted in the Office of the City Clerk; and be it

FURTHER RESOLVED: that the City Clerk and City Administrator are hereby authorized and directed to take any and all actions necessary under law to prepare for and conduct the 2018 general municipal election and appropriate all monies necessary for the City Administrator and City Clerk to prepare and conduct the November 6, 2018 general municipal election; and be it

FURTHER RESOLVED: that this resolution shall be effective immediately upon approval by five members of the Council.

IN COUNCIL, OAKLAND, CALIFORNIA _____, 2018

PASSED BY THE FOLLOWING VOTE:

AYES

NOES

ABSENT

ABSTENTION

ATTEST:

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

ATTACHMENT A

