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AGENDA REPORT

TO: Members of the City Council

FROM: Councilmember Lynette Gibson
McElhaney and President Pro
Tempore Abel Guillén

SUBJECT: Resolution In Support of AB 423

DATE: February 24, 2017

RECOMMENDATION

Councilmember McElhaney and President Pro Tempore Guillén recommend that the City Council adopt a resolution in support of Assembly Bill 423 (Bonta) that would amend the Ellis Act (Government Code Sec. 7060 et seq.) to permit Oakland to effectively regulate residential hotels.

BACKGROUND / LEGISLATIVE HISTORY

Residential Hotels, also called Single Room Occupancy hotels, provide an essential housing option for low and extremely low income Oaklanders. These rooms are a vital source of housing because they do not require credit checks, proof of income, large security deposits or a long-term lease that may disqualify some from accessing other forms of long term housing. For many, the loss of a residential hotel room creates an undue hardship and may result in homelessness or permanent dislocation from the community.

In the wake of an unprecedented housing crisis, the demand high income/market rate units is placing pressure on owners to abandon this vulnerable population by converting the units to boutique hotel use, high-income rental or for sale condominiums. This would be disastrous for the approximately 25% of residential hotel tenants who have lived in their units for more than five years and would be displaced by such projects. Additionally, the loss of this source of short term housing could lead to an increase in Oakland's already large and growing population of unsheltered individuals.

Oakland has long supported SRO's as a viable housing option for low income residents. Restrictions imposed by the Ellis Act in 1985 severely cities' ability to regulate these residential hotels. In 2003, the Legislature amended the Ellis Act to exempt residential hotels from such a prohibition in San Francisco and in cities with populations over 1,000,000 (currently Los Angeles, San Diego and San Jose), thereby providing those cities with greater powers to protect tenants from evictions from residential hotels and to require continued residential use of

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residential hotels. Given the housing crisis throughout the state, this provision should be extended to all cities, regardless of size.

POLICY PROPOSAL

AB423 (Bonta) exempts residential hotels in the City of Oakland from the Ellis Act on and after January 1, 2018.

ACTION REQUESTED OF THE CITY COUNCIL

Adopt a resolution in support of Assembly Bill 423 (Bonta) that would amend the Ellis Act (Government Code Sec. 7060 et seq.) to permit Oakland to effectively regulate residential hotels

For questions regarding this report, please contact Alex Marqusee, Legislative Analyst, at 510-238-7031.

Respectfully submitted,



Council President Lynette Gibson McElhaney



President Pro Tempore Abel Guillen, District 2

Prepared by:
Alex Marqusee, Legislative Analyst
Office of Council President McElhaney

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DRAFT
City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

INTRODUCED BY COUNCILMEMBER LYNETTE GIBSON MCELHANEY AND
PRESIDENT PRO TEMPORE ABEL GUILLÉN

**RESOLUTION IN SUPPORT OF ASSEMBLY BILL 423 (BONTA) THAT
WOULD AMEND THE ELLIS ACT (GOVERNMENT CODE SEC. 7060
ET SEQ.) TO PERMIT OAKLAND TO EFFECTIVELY REGULATE
RESIDENTIAL HOTELS**

WHEREAS, residential hotels are often housing of last resort for the poor, especially in areas with extremely high costs of housing such as Oakland; and

WHEREAS, a number of economic forces, including the dearth of hotels and the high cost of new construction in Oakland, create incentives for developers to purchase residential hotels and repurpose them for non-residential rental uses, such as boutique hotels or dormitory style housing for affluent residents; and

WHEREAS, the loss of residential hotels in Oakland would exacerbate the already overwhelming burden on public and non-profit agencies that provide protective, social, health, psychological, nutrition, and other important and necessary services to the tenant population of such hotels; and

WHEREAS, the State Legislature passed the Ellis Act in 1985 to allow property owners to evict tenants in order to "go out of business" and to prohibit cities from compelling owners to continue to offer a property for rent; and

WHEREAS, in 2003, the Legislature amended the Ellis Act to exempt residential hotels from such a prohibition in San Francisco and in cities with populations over 1,000,000 (currently Los Angeles, San Diego and San Jose), thereby providing those cities with greater powers to protect tenants from evictions from residential hotels and to require continued residential use of residential hotels; and

WHEREAS, Assembly Bill 423 (Bonta) titled the Residential Hotel Protection for the City of Oakland would include Oakland as one of the Cities where residential hotels are exempted from the Ellis Act on and after January 1, 2018; now, therefore, be it

RESOLVED: That the Oakland City Council hereby endorses AB 423 and urges the California State Legislature and Governor Jerry Brown to support its enactment into law.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

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

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

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