

**CITY OF OAKLAND** FILED  
**AGENDA REPORT** OFFICE OF THE CITY CLERK  
OAKLAND

2007 SEP 13 PM 6:42

TO: Office of the City Administrator  
ATTN: Deborah Edgerly  
FROM: Community and Economic Development Agency  
DATE: September 25, 2007

RE: **Annual Report of Rent Adjustment Program For FY 06-07 and a Recommendation for an Ordinance Amending Ordinance 12744 C.M.S., the Master Fee Schedule, to Increase the Rent Program Service Fee From \$24 Per Unit to \$30 Per Unit.**

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## SUMMARY

This report is required by the Oakland Municipal Code (OMC) Sections 8.22.500.A and 15.08.100.C.6. As mandated by the City Council, it provides information on the operations of the Housing Residential Rent and Relocation Board and the utilization of the Rent Program Service Fee. On June 19, 2007, the City Council referred the \$6 per unit annual increase in the Rent Program Service Fee proposed by Staff to the Community and Economic Development Committee for consideration.

The most significant issues contained in this report are the program budget, including the proposed fee increase, operations and accomplishments.

## FISCAL IMPACT

Staff proposes a \$6 per unit increase in the annual Rental Property Service Fee, currently \$24 per unit. The proposed increase in fees would provide an estimated additional \$357,000<sup>1</sup> in revenue annually. The impact on landlords and tenants would be an increase of \$0.25 per unit per month each to both landlords and tenants in covered units.

## ANNUAL REPORT

### Public Contact

The Rent Adjustment Program functions as a resource for Oakland landlords and tenants. Staff provides information about and referrals for many varied rental housing situations and problems. Public inquiries from Oakland residents include questions about Rent Adjustment, Just Cause for Eviction, security deposits, and many other processes mandated by state and

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<sup>1</sup> 59,500 currently paying units x \$6 = \$357,000

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local law. During FY 06-07, Staff met with 2,010 members of the public and provided information and referrals in person. Staff also responded to 18,280 phone inquiries with only 4 complaints. That is a complaint rate of .02 percent, a 1/3 reduction from the prior year. About 300 email inquiries were answered. Fee bill inquiries were handled separately by the Business License Tax Section and in FY 06-07 required temporary staffing in addition to all program staff to field thousands of inquiries received during the billing cycle.

#### Petitions and Ellis Act Applications

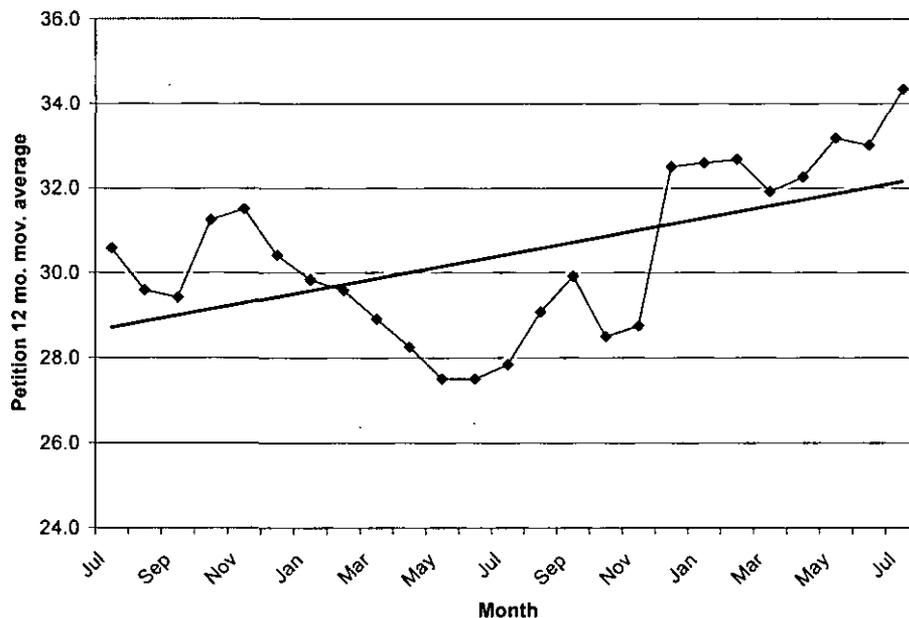
The number of petitions and applications filed with the Rent Adjustment Program has increased since June 2006 after a decrease in the number of petitions and applications filed from FY 00-01 through FY 03-04. The trend began during late FY 05-06 and has continued through all of FY 06-07. The number of petitions and applications filed in FY 06-07 increased by 20% (from 330 to 396) from FY 05-06. Most of the 396 were Rent Adjustment Petitions. There were eight applications to remove properties from the rental market (Ellis Act), an increase from five applications the year before.

The following chart shows the upward trend in petitions filed. This trend of increasing petitions has continued into the new fiscal year with a 50% increase (from 33 to 47) in July 2007 as compared to July 2006. It has been staff's experience that the number of petitions filed closely tracks rent levels. Residential rents in Oakland have increased substantially from 2005 to the present, while the vacancy rate has steadily declined.<sup>2</sup> It is anticipated that petition filings will increase through the rest of FY 07-08 if the current increase in Oakland residential rents continues.

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<sup>2</sup> Rental Housing of Northern Alameda County, April 2007, p.6; August 2007, p.21.

Trend in Petitions and Applications Filed--  
 July 2005 - July 2007



The next table shows the total number of each type of claim made by all petitioners, both landlords and tenants. Often, more than one claim is made on a single petition, so the total of claims is greater than the number of petitions filed. The percentages shown indicate the proportion of all petitions filed that alleged each claim. Again, because more than one claim can be alleged on one petition, they total more than 100%.

Increase exceeds CPI and is unjustified	287	74.0%
Decreased or inadequate housing services	170	43.8%
No concurrent program notice to tenant with rent increase notice	148	38.1%
No rent program notice at inception of tenancy	139	35.8%
Two increases within 12 months	49	12.6%
No summary of reasons for increase greater than CPI after written request.	41	10.6%
Landlord raised rent improperly after forcing prior tenant to leave. (Costa-Hawkins violation)	12	3.1%
Landlord petition for approval of increase (Just Cause)	7	1.8%
Landlord Petition for Certificate of Exemption	4	1.0%

Landlords are allowed to increase the rent by an annual amount calculated from the CPI statistics issued by the US Department of Labor. If a landlord has a justification for a greater increase allowed by the Ordinance, she/he can raise it a greater amount. Landlord

justifications include capital improvements, increased operating and maintenance expenses (housing service costs), debt service, casualty losses (uninsured repairs), and recapture of deferred annual increases (banking). In most cases, these petitions require a hearing to determine the validity of the landlord's justification and to verify the amount of the increase.

By far, most petitions are filed alleging an unjustified increase greater than the annual allowable CPI rate. This is consistent with staff's experience that most petitions are filed when a tenant perceives a rent increase as unfair.

A claim for decreased or inadequate housing services is the second most common complaint. Tenants can allege a loss of any service the landlord is obligated to provide by state law or by contract. Data on what services are "lost" is not collected by the program. However, in staff's experience, the services most commonly alleged as "lost" relate to ineffective weatherproofing (leaking roofs and windows), structural damage to the property, non-functioning appliances (including heating equipment), loss of parking, transfer of utilities costs from landlord to tenant, loss of use of yard space and loss of storage.

Landlords who increase rents in violation of the Rent Adjustment Ordinance often do not comply with the requirement to notify the tenant of the rent program. Proper notice to tenants by landlords of tenants' rights as required by Ordinance remains a significant issue.

Petition Processing

Staff maintained a petition backlog of near zero during FY 06-07. The average time from petition filing through staff decision for petitions filed in FY 05-06 was 66 days, an 8% increase in processing time from the prior fiscal year. Without additional staff, as the number of petitions filed increases, processing times will also increase.

During Fiscal Year 06-07 the Rent Adjustment Program, including the Board, resolved 374 cases. The following table shows how the cases were resolved. Tenants (T) prevailed in 73% of the cases, landlords (LL) in 23.5%. This is a significant increase in the proportion of cases resolved in favor of tenants.

Final Decision by	Total	Pending	Favors LL	Favors T
None (pending appeal)	13	13	-	-
2nd Appeal Decision	6		2	4
Administrative Decision	48		6	42
Appeal Decision	62		8	54
Hearing Decision	103		27	76
Involuntary Dismissal	43		41	2

Final Decision by	Total	Pending	Favors LL	Favors T
Remand Decision	1			1
Settlement Agreement	34			34
Voluntary Dismissal	64		4	60
Total	374	13	88	273
% of Total	100%	3.5%	23.5%	73.0%

Eviction Notices and Evictions

The Rent Adjustment Program received 10,590 eviction notices during FY 06-07, an increase of about 12% from the 9,417 notices received during FY 05-06. Based on data supplied by the Alameda County Superior Court, 2,817 eviction actions were filed in Oakland during fiscal year 2006-07; 2,755 (98%) were limited jurisdiction and 62 (2%) were unlimited jurisdiction.<sup>3</sup> It is a fair inference that all of the unlimited jurisdiction cases and some of the limited jurisdiction cases were commercial, rather than residential, evictions.

Litigation

There was an increase in litigation over previous years. Seven new cases were filed asking the Superior Court for review of a Rent Board Decision. This is a 40% increase over the five new cases filed in FY 05-06. At present there are eight cases involving the Rent Adjustment Program pending in Court. Of the eight, two are before the California Court of Appeal.

Among the pending cases, the trial court's decision upholding the constitutionality of the Just Cause for Eviction Ordinance has been appealed to the California First District Court of Appeal by both the landlords and the City of Oakland. The appeal is still pending and is being handled by the City Attorney's Office.

Ellis Act

The City Council passed protections for tenants in buildings removed from the rental housing market pursuant to the state Ellis Act during FY03-04 and charged the Rent Adjustment Program with its implementation. During FY 06-07, nine applications involving 16 units were filed to remove properties from the rental housing market. This is a substantial increase from prior years. The properties "Ellised" during FY 06-07 are 4 single family houses, and five 2 to 4 unit rental properties. There is yet no indication of a rush to remove units from the rental housing market or to attempt to bypass rent or eviction controls by removing units from the market.

<sup>3</sup> Limited jurisdiction includes cases where the amount in controversy does not exceed twenty-five thousand dollars.

### Outreach Activities

Rent Adjustment Staff participated in the following outreach activities:

- January 26, 2007 – Landlord-Tenant Conference for representatives of landlords, tenants, and community organizations.
- February 24, 2007 – Landlord trade fair, Greek Orthodox Church
- February 27, 2007 – Meeting with Sentinel Fair Housing
- March 22, 2007 – Tenant representative training/discussion – Fox Conference Room
- April 2007 – Staff was interviewed for “Newsmakers” segment on Comcast cable news which aired twice daily during the entire month.
- May 1, 2007 – Staff was interviewed and answered questions on Sing Tao Chinese Radio
- May 19, 2007 – Staff answered questions at a community fair at the Ralph Bunche Center
- May 24, 2007 – A training session and discussion was held for landlord representatives by Rent Adjustment Staff.

Pursuant to a provision in the low income representation contract, East Bay Community Law Center has publicized the Oakland Rent Adjustment Program among members of the consortium of tenant organizations in the area.

### Media Information

Rent Adjustment had KTOP produce a 30-second public service announcement, in four languages, which was distributed to local TV stations for airing. A second round of distribution of the video, as well as audio only material, is being prepared.

### Direct Mail and Informational Handouts

The Rent Adjustment program has contracted with local businesses to:

- Prepare and mail a glossy, fold-over informational brochure about the Rent Adjustment Program and Just Cause – in English, Spanish, Cantonese and Vietnamese – to every tenant address in the City (approximately 90,000). The estimated date for mailing is early fall.

- Prepare an informational, large postcard-sized handout in full color, also in four languages, which can be handed out and otherwise distributed in locations that are often frequented by tenants, such as churches and laundromats.

This work was done by Rent Program staff in coordination with staff from the City Cultural Arts and Marketing Department. The format and English text is being translated by the City Equal Access Office. Printing and mailing will occur about 10 days after the design and formatting work is complete.

### **FEE INCREASE**

The Rental Property Service Fee was established by Ordinance No 12399 C.M.S. to fund the Rent Adjustment Program in the 2001- 2002 fiscal year. The Fee almost exclusively funds the operation of the Rent Adjustment and Just Cause for Eviction programs. Miscellaneous income from Ellis Application fees and copying charges of less than \$5000 has no impact on the Rent Adjustment budget. The fee amount has not been increased since its adoption six years ago, even though personnel costs, including salaries and benefits, plus overhead (calculated as a percentage of salaries) have increased more than 25% total.

In order to balance the Unit's budget during the last six years, a 25% cut in staffing has occurred, while during the same period, the Rent Adjustment Program workload increased. The Rent Adjustment Program became responsible for administering and overseeing Just Cause, the Ellis Act protections, and performing substantial community outreach. In addition, the program has had the responsibility of funding and managing the low income representation contract with East Bay Community Law Center.

In FY 05-06 it became apparent that continuing increases in personnel costs would require an increase in the Rent Program Service Fee or a reduction in expenditures during the FY 07- FY 09 budget cycle. This situation and the need for an increase in the fee was discussed in the FY 05-06 annual report to the City Council and during the FY 07-09 budget deliberations.

During the budget preparation process, the proposed fee increase was taken to the Housing Residential Rent and Relocation Board for consideration and the Board voted unanimously for a \$6 increase in the fee to pay for ongoing program costs, including the low income representation contract and to restore two staff positions that were cut in prior years.

**KEY ISSUES AND IMPACTS**

- Increases in personnel costs require an increase in the Rental Property Service Fee.
- Without the fee increase, the low income representation contract will have to be discontinued to balance the budget.
- Without the fee increase restoring staff positions will not be possible. Maintenance of a zero backlog and timely processing of petitions will be jeopardized.
- Without the fee increase there will be substantially reduced service to the public at a time when increased services are needed.

**PROGRAM DESCRIPTION**

Revenue

The Business License Tax Section of the Revenue Division of the Finance and Management Agency does the billing for the Rent Adjustment Program. For FY 2006-2007, Business License Tax sent bills to 21,268 properties with 74,907 units. A number of those properties have since claimed an exemption to the program. The anticipated revenue for FY 06-07 was \$1.76 million. Actual revenue collected during FY 06-07 was \$1.58 million, about \$180,000 less than projected. The difference is attributed to increased program compliance and a reduction in the amount of late fees that were collected in FY 06-07 when compared to the year before. The chart below shows fee revenue collected during the last four fiscal years, through June 30, 2007. These figures represent the total received, subject to adjustments for miscellaneous debits and credits, principally returned checks.

Rent Program Revenue by Fiscal Years 03-04 through 06-07

	03-04	04-05	05-06	06-07
Revenue	\$1,520,462.82	\$1,589,468.63	\$1,757,286.92	\$ 1,580,125.68

Compliance Rate And Collections

Without rent registration, there are no statistics on the precise number of rented housing units in Oakland at any given time. The 2000 census found a total of 88,000 rental units in Oakland. After subtracting those units that are exempt from the Fee (e.g., units built after 1982 and Housing Authority units), the Business License Tax Section billed 74,907 units identified as having been rented the year before or reported as rented by the owner during the

year. Fees were paid for 59,472 units and 10,333 units claimed exemption<sup>4</sup> from payment of the Fee. That is, 93% of the units billed either paid or claimed exemption. The remaining units were re-billed during July.

The Business License Tax Section is diligent in collecting past due fees. It routinely collects larger accounts, but there is no cost-effective way to collect small amounts owed. The cost of collecting a small debt exceeds the potential recovery costs and is not cost-effective. The Revenue Division only send to Collections amounts of \$150 or more. Delinquent account of under \$150 continue to accumulate penalties and interest and receive yearly invoices until resolved. When a delinquent account is sent to Collections, additional penalties and costs of collection are added to the account. Collections were not a substantial source of revenue during FY 06-07.

Expenditures

A complete list of the program expenditures for FY 06-07 is shown below. The largest expenditures are personnel costs to administer the program. Other major expenditures include the low income representation contract, updated software costs, and bank charges. The budgeted expenditures include unspent, but encumbered money for software, new computer equipment and the city-wide mailing. At the end of FY 06-07, Rent Adjustment had a carry forward of approximately \$240,000.

Rent Adjustment Program Expenditures Report  
 Fiscal Year 2006-07

	Budget	Expenditures	Balance
City Attorney			
Salary & Benefits	\$ 297,336	\$ 297,336	
Business License Tax			
Salary & Benefits	\$ 154,224	\$ 154,224	
O & M:			
Temp Personnel	\$ 17,000	\$ 17,000	
Postage & Mailing	\$ 17,567	\$ 17,567	
Data Processing Services	\$ 17,300	\$ 17,300	
Other	\$ 13,800	\$ 13,800	
Total: Business License Tax	\$ 219,891	\$ 219,891	
Rent Adjustment			
Salary & Benefits	\$ 838,659	\$ 816,317	\$ 22,343

<sup>4</sup> This does not mean that the units are exempt from either Just Cause or Rent adjustment, only that a landlord claims exemption. Barring exceptional circumstances, the Program does not investigate claims of exemption. Over the years, the Program has investigated about two dozen apparently spurious claims of exemption. Every investigated claim was found to be legitimate.

Overhead	\$ 117,554	\$ 117,554	
Total - Salary & OH	\$ 956,214	\$ 933,871	\$ 22,343
Operating & Maintenance			
Printing and Duplicating (Including bills)	\$ 46,929	\$ 3,546	\$ 43,383
Low Income Representation Program	\$ 85,000	\$ 76,225	\$ 8,775
Bank Lockbox for Fees	\$ 20,000		\$ 20,000
Temporary Personnel	\$ 30,000	\$ 15,375	\$ 14,625
Minor Computer Hardware & Software	\$ 25,000	\$ 710	\$ 24,290
Postage & Mailing	\$ 20,436	\$ 12,150	\$ 8,286
Computer Software for Revenue Collections	\$ 50,000	\$ 50,000	
Misc. Operating	\$ 112,260	\$ 13,801	\$ 98,459
Total – Operating and Maintenance	\$ 389,625	\$ 171,806	\$ 217,819
 Program Total Expenditure	 \$1,863,066	 \$1,622,904	 \$240,161

Program Budget

The adopted budget for FY 07-08 is similar to the FY 06-07 budget. The major differences are an increase in personnel costs to comply with union contract obligations, and a decrease in operating and maintenance expenditures because of expiration of one-time charges and the expiration of the contract for the low income representation program. Staff was reduced by two (2) positions in 2005 in order to balance the FY 05-07 budget. This followed the elimination of two positions in the FY 03-05 budget cycle.

Staff is requesting a fee increase sufficient to immediately restore two positions, (a critical Program Analyst II position and an Administrative Assistant II position), and maintain the low income representation program, an integral part of Rent Adjustment. Neither item is included in the FY 07-08 adopted budget shown below.

Rent Adjustment Program FY 07-08 Adopted Budget

Salaries	438,144
Benefits	455,232
Dept. Overhead	121,052
Low Income Rep <sup>5</sup>	26,843
Operating expenses	98,497
Subtotal	1,139,768
City Attorney (total)	335,952
Business License Tax (personnel only)	162,465

<sup>5</sup> This amount is for the balance of the FY 06-07 contract

TOTAL 1,638,185

The positions included in the budget shown above, adopted by the City Council, are Rent Adjustment (7 FTE), City Attorney (2 FTE) and Business License Tax (2 FTE). The individual authorized positions are listed on pages 13 - 14 of this report.

As shown on the next table, projected revenues (the average revenue over the last 4 years, \$1.56 million) are approximately \$75,000 less than projected expenses for the current fiscal year (\$1.64 million). When projected increases in personnel costs for year two of the current budget cycle are added<sup>6</sup>, the projected shortfall in the second year will rise to approximately \$110,000. These annual shortfalls in revenue will be met from the current carry forward, but there will not be sufficient revenue to fund the urgently needed Program Analyst II position (about \$80,000 per year including overhead), the Administrative Assistant II position (about \$60,000 per year including overhead) or the low income representation program (\$100,000 per year) without an increase in the fee. Also, good budgetary practices enforced by the City of Oakland Budget Division prohibit Rent Adjustment from funding any permanent position out of the current one time monies.

**Rent Adjustment Projected Annual Balance  
07-09 Budget Cycle**

	FY 06-07 actual	FY 07-08 estimated	FY08-09 estimated
Projected Revenue	\$1,580,000	\$1,560,000	\$1,560,000
Rent Adj. Personnel	(933,871)	(971,226)	(1,015,092)
Operating & Maintenance	(237,473)	(187,473)	(160,630)
City Attorney	(297,336)	(335,952)	(349,390)
Bus. License Tax	(154,224)	(162,465)	(168,964)
Annual Balance	(42,904)	(97,116)	(134,076)
Carry forward	240,161	143,045	(8,970)
w/ Low Inc. Rep Program	[ ]	43,045	(91,030)
w/ Analyst+LIRP	[ ]	(36,955)	(71,030)
w/ Analyst+LIRP+AAIL	[ ]	(99,955)	(234,030)

<sup>6</sup> Estimated as \$43,866 including a 4% COLA plus departmental overhead

The figures shown in the last column indicate that by the end of this budget cycle, without modifying current operations, the Rent Adjustment Program will have a deficit of more than \$90,000. It would require non-renewal of the low income representation program to balance the budget. However, balancing the budget by this expedient does not address the need for restoring staff positions to address the increased workload.

### Operations

From FY02 through FY07, the workload of the Rent Adjustment Program increased for several reasons: administering new Ordinances, increased complexity of the cases filed, and increased litigation in Court, including defense of the Just Cause Initiative Ordinance.

Since the inception of the fee, the Rent Adjustment Program has also been tasked with enforcement of two new ordinances, the Just Cause for Eviction Ordinance and the Ellis Act Ordinance:

- The Just Cause Ordinance has added about 1 FTE to the Program's staff needs. By mandate of the Just Cause Ordinance, every residential eviction notice served in the City of Oakland states that information about evictions is available from the Rent Adjustment Program and gives the Program's main phone number. This has generated a substantial number of calls. In addition to answering basic questions about evictions and making referrals, staff must receive, process and index all eviction notices received (10,590 in FY 06-07).
- The City Council adopted protections for tenants when a residential landlord removes a property from the rental housing market pursuant to Govt. C. §7060 (Ellis Act). These Ellis Act Protections have also added a substantial amount of work in preparing and maintaining forms, drafting regulations, answering public inquiries and processing the applications. Several of the Unit's more complicated cases have resulted from Ellis applications.

The cases filed with the Rent Adjustment Program have become increasingly litigious over the last year. Although the Rent Adjustment Program did not begin to keep statistics on mediated cases until FY 06-07, staff has noted a marked decrease in mediation requests, an increase in hearings, and have found that settlements are more difficult to achieve.

The low-income representation program is an integral part of the Rent Adjustment process. It does what Rent Program staff cannot do, which is to advise and represent low income persons who want to file petitions and appear before the Rent Board. Most of the clients are low-income tenants, although there has been an occasional low income landlord. The

representation has been effective, thus making the principal enforcement mechanism in the Ordinance, the petition process, more effective.

Although the brunt of litigation is borne by the City Attorney's Office, Rent Adjustment Program staff are also involved. Preparation of administrative records, answering correspondence and inquiries from the parties, consultations with the Deputy City Attorney assigned to the case, and the occasional need to appear in court all require Rent Adjustment staff time.

Compared to other rent control programs in neighboring cities, Oakland's program is efficient and cost-effective. Oakland currently controls approximately 60,000 units at a cost of \$24 per unit, for an annual total of about \$1.6 million.

For FY 07-08, the City of Berkeley, with approximately 20,000 fee-paying units, increased the annual fee to \$170 per unit with a staff of 19.3 FTEs and an annual budget of \$3.53 million. The budget includes 3 FTE attorneys and 2.3 FTE Hearing Officers, and an additional full time staff attorney assigned to the Registration unit. Berkeley's Ordinance requires registration of units and requires more work to administer. Nonetheless, Berkeley has almost twice the staff and one-third the number of units of Oakland.<sup>7</sup> During FY 07, Berkeley processed 123 new petitions, about 53 petitions per hearing officer.

The San Francisco Rent Board controls rents for about 180,000 units. Presently, it charges \$26 per residential rental unit and \$13 per residential hotel unit. It has a staff of 30 FTE and an annual budget of \$5.2 million. San Francisco employs 10 FTE Administrative Law Judges and 2 FTE Senior Administrative Law Judges.<sup>8</sup> San Francisco received 1,307 new petitions during FY 06 (the last statistics published on the web<sup>9</sup>). That is 119 petitions per hearing officer. Like Oakland, San Francisco does not register rents, but does require a landlord to petition for a rent increase greater than the annual general adjustment. Unlike Oakland, San Francisco contracts with the City Attorney and Finance for legal and billing services not budgeted as program staff.

In comparison, Oakland processed 396 petitions with two FTE Hearing Officers, or 198 petitions per Hearing Officer. Below is a breakdown of all the staff covered by the Rent Adjustment Service Fee as of June 30, 2007:

#### Rent Adjustment (7 FTE)

<sup>7</sup> Information is from the Berkeley Rent Board adopted budget,  
[http://www.ci.berkeley.ca.us/rent/forms/RSB\\_FY2007\\_2008Adopted\\_Budget\\_Book.pdf](http://www.ci.berkeley.ca.us/rent/forms/RSB_FY2007_2008Adopted_Budget_Book.pdf)

<sup>8</sup> Information from phone call to one of the Senior Administrative Law Judges.

<sup>9</sup> [http://www.sfgov.org/site/uploadedfiles/rentboard/Annual\\_Report/RB\\_Statistical\\_05\\_06.pdf](http://www.sfgov.org/site/uploadedfiles/rentboard/Annual_Report/RB_Statistical_05_06.pdf)

Program Manager	(1)
Hearing Officer	(2)
Program Analyst II	(2)
Administrative Assistant I	(2)
Business License Tax (2 FTE)	
Revenue Assistant	(1)
Tax Enforcement Officer II	(1)
City Attorney Office (2FTE)	
Deputy City Attorney	(1)
Legal Admin. Asst.	(1)
Total FTE	11.0

### Past Staff Reductions

The current staffing level is a net reduction of 4 FTE in the total Rent Adjustment Program staff since the Fee was adopted in FY01-02. In FY05-07 two positions were eliminated (Urban Economic Analyst II and Administrative Assistant II) and one was left unfilled (Hearing Officer) to reduce expenditures. The Hearing Officer position was filled in October 2006. However, the other two positions could not be funded based on budgeted revenues. The analyst (UEAII) position that was eliminated was responsible for tracking and processing appeals to the Rent Board, coordinating public outreach, and sharing public contact duties with the other analysts. The AAI coordinated petition processing, handled public records requests and inquiries related to case status and was responsible for data entry and maintenance of the case tracking system. These duties were distributed to other staff members, with a resulting reduction of services and efficiency. The requested Fee increase will be used to restore the previously eliminated positions.

### **SUSTAINABLE OPPORTUNITIES**

Pursuant to City Council Resolution No. 74678 C.M.S., adopted December 1, 1998, staff encourages property owners to operate sustainable projects. Stabilizing Oakland's existing residential tenancies will continue to stabilize neighborhoods. The rental regulation programs address the "3 E's" of sustainability by:

#### ***Economic:***

- Preserving the affordable housing inventory for families, seniors, and disabled people in Oakland.
- Mitigating the adverse economic pressure on surrounding neighborhoods caused by new housing development.

***Environmental:***

- Preventing social disruption of established neighborhoods with rental housing.
- Mitigating any adverse environmental impacts resulting from development of new and existing rental housing.

***Social Equity:***

- Improving the landscape and climate of Oakland's neighborhoods by encouraging longer-term tenancies in rental housing.
- Aiding low-income families to save money in order to become homeowners.

**DISABILITY AND SENIOR CITIZEN ACCESS**

The City's Rent Adjustment staff complies with legal requirements to provide access to all Rent Adjustment Program services for people with disabilities and to ensure that the units rented to people with disabilities comply with applicable codes. The Just Cause for Eviction Ordinance and the Ellis Act Ordinance provide special protections against evictions and relocation benefits for seniors and people with disabilities.

**RECOMMENDATION(S) AND RATIONALE**

In order to maintain services at the current level, staff respectfully requests the City Council accept the Annual Report of the Rent Adjustment Program for FY 2006-2007 and adopt the Ordinance modifying the Master Fee Schedule to increase the Rental Property Service Fee by \$6 per unit per year, to \$30, to cover the foreseeable program costs and employ two additional staff.

**ALTERNATIVE RECOMMENDATION(S)**

A smaller increase in the fee of \$3 per unit per year to \$27 per unit per year will cover the Program costs through the end of this budget cycle, but will require an additional increase for FY09-10.

Re-imposing user fees by reinstating filing fees for petitions and appeals, adding fees for printed informational materials, fee for certification of copies and fees for other miscellaneous services were considered. However, they would not generate sufficient revenues to address the problem and would create more of an administrative burden to handle and account for the fees and to address waivers.

**ACTION REQUESTED OF THE CITY COUNCIL**

Adopt an ordinance amending the master fee schedule to increase the rental property service fee to \$30.

Respectfully submitted,

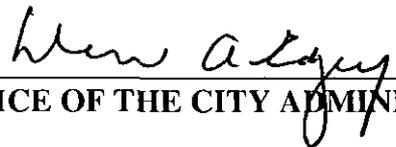


\_\_\_\_\_  
Claudia Cappio, Development Director  
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Reviewed by:  
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Housing and Community Development

Prepared by:  
Rick Nemcik-Cruz  
Manager, Rent Adjustment Program  
Housing and Community Development

**APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:**

  
\_\_\_\_\_  
OFFICE OF THE CITY ADMINISTRATOR

Item: \_\_\_\_\_  
CED Committee  
September 25, 2007

## **NOTICE AND DIGEST**

**AN ORDINANCE AMENDING ORDINANCE NO. 12744 C.M.S. (MASTER FEE SCHEDULE) TO INCREASE THE \$24 RENT PROGRAM SERVICE FEE BY \$6 TO \$30**

This Ordinance amends the City's Master Fee Schedule to increase the \$24 Rent Program Service Fee, assessed by the Rent Adjustment Program pursuant to Ordinance number 12744, by \$6 to \$30.

2007 SEP 13 PM 6:16

# OAKLAND CITY COUNCIL

ORDINANCE NO. \_\_\_\_\_ C.M.S.

**AN ORDINANCE AMENDING ORDINANCE NO. 12744 C.M.S. (MASTER FEE SCHEDULE) TO INCREASE THE \$24 RENT PROGRAM SERVICE FEE BY \$6 TO \$30**

**WHEREAS**, the City of Oakland periodically updates its Master Fee Schedule to account for general cost of living increases and program changes or other costs; and

**WHEREAS**, the fee modification proposed herein has been justified by the Community and Economic Development Agency on the basis of cost of living, increased program costs, serious Rent Program service reductions if the fee is not increased, and are identified in the Agenda Report accompanying this Ordinance; and

**WHEREAS**, the City Council finds and determines that the herein-referenced modification is necessary to ensure adequate operation of the Rent Adjustment Program so it can meet its mandates and deliver a higher level of service to the public; and

**WHEREAS**, O.M.C. 8.22.500G permits landlords to pass one-half of the fee along to tenants so that both landlords and tenants share in the cost of administering the Rent Adjustment Program and the Just Cause for Eviction Ordinance.

**NOW THEREFORE**, the Council of the City of Oakland does hereby ordain as follows:

**Section 1.** The Master Fee Schedule as set forth in Ordinance No.12744 C.M.S. is hereby amended to increase the \$24 Rent Program Service Fee assessed by the Community and Economic Development Agency by \$6 to \$30.

**Section 2.** This Ordinance will take effect as provided by Section 216 of the City Charter.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2007

**PASSED BY THE FOLLOWING VOTE:**

**AYES:** BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND PRESIDENT DE LA FUENTE

**NOES:**

**ABSENT:**

**ABSTENTION:**

**ATTEST:** \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the Council  
Of the City of Oakland, California