

CITY OF OAKLAND

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

18 JUN 14 PM 3:45

# AGENDA REPORT

**TO:** Members of the Community and  
Economic Development Committee

**FROM:** Councilmember Lynette  
Gibson McElhaney

**SUBJECT:** Hardship Payment Schedule for Low  
Income Housing Providers

**DATE:** June 14, 2018

## RECOMMENDATION

Councilmember McElhaney Recommends That The City Council (1) Adopt An Ordinance Amending The Uniform Residential Tenant Relocation Ordinance To Provide City Assistance For Low Income And Low Asset Homeowners To Pay Relocation Payments To Tenants Displaced By Owner And Relative Move In Evictions And (2) Adopt A Resolution Allocating \$300,000 Of Anti-Displacement Funds To The Hardship Payment Schedule Program

## BACKGROUND / LEGISLATIVE HISTORY

On January 16, 2018 the City Council passed Ordinance 13468 C.M.S. which established a uniform residential tenant relocation requirement. Part of this ordinance extended relocation payments to tenants facing eviction due to an owner or owner's relative moving back into the unit. These payments were justified by the hardships faced by tenants due to the substantial financial costs incurred in the search for new housing and the disruptions created by a no fault-eviction. Tenants impacted by this form of eviction are now entitled to a relocation payment of:

Unit Size	Base Payment	Total payment if a minor, elderly or disabled tenant is evicted
Studio/One Bedroom	\$6,500	\$9,000
Two Bedrooms	\$8,000	\$10,500
Three + Bedrooms	\$9,875	\$12,375

The ordinance also stipulates that these payments will be increased annually by a CPI adjustment.

## ANALYSIS AND POLICY ALTERNATIVES

This Ordinance and Resolution establish a 'hardship payment schedule' which is a mechanism for low income and low asset homeowners to receive a zero-interest loan from the City of Oakland to pay their relocation assistance obligation when performing an owner or relative move-in eviction. Under this program, tenants will still receive the full amount of relocation assistance as stipulated by the Uniform Relocation Ordinance and owners will eventually be required to repay the City.

Item: \_\_\_\_\_  
CED Committee  
June 26, 2018

Eligibility for this loan program is narrowly structured to only apply to small property-owners who are unable to access the equity in their property to make this payment. Specifically, owners who are evicting a tenant can access this loan program only if:

1. They own fewer than five total units in the City of Oakland; and
2. The owner does not meet the standard eligibility criteria established by Fannie Mae for a cash-out refinance loan for an investment property; and
3. If a relative of the owner is moving into the unit, then the relative must not own any other real estate property and be low or moderate income (defined as below 120% of area median income).

This definition of a 'mom and pop' housing provider follows regulations used in other jurisdictions such as Los Angeles and Emeryville. A cash-out refinance loan for an investment property is the form of debt that a housing provider would apply for to borrow against their real estate equity in this situation. Eligibility criteria for the loan are based on the number of units in the property, credit score, financial reserves, debt-to-income ratio and loan-to-value ratio. The details are found at the bottom of page four of Appendix A. To ensure that only owners who are illiquid and for whom accessing enough money to make this payment would be a hardship, eligibility for this loan program is further restricted by requiring that at least one of the following two conditions are met:

1. The owner is low or moderate income (defined as below 120% of area median income); and/or
2. The owner has less than six months of liquid financial reserves (as defined by Fannie Mae regulations).

These additional conditions are needed to ensure that one of two situations are also true:

1. The owner has an income low enough that this payment would be a hardship even if they have some financial reserves. In this case, an owner would still be unable to access their home equity because they either have a poor credit score or have far too much debt relative to their assets or income. In this situation, it would be a hardship for an owner to replenish their reserves to remain financial stable if they were forced to make this payment all at once.
2. The owner earns more income than a lower income housing provider but lacks the financial reserves to make this payment and remain financially stable. Requiring this owner to make a payment all at once would be a hardship since they still can't access their home equity and they would have to expend their very limited financial reserves that are still needed to operate their rental property and save for unforeseen emergencies.

This ordinance also gives the City Administrator authority to develop regulations and guidelines necessary to implement this program. This legislation envisions that owners will reimburse the City on a payment plan. However, the ordinance also explicitly authorizes the City Administrator to create a repayment schedule that assesses a lien on the property that would be repaid upon sale, transfer or refinance of the property.

Finally, the accompanying resolution appropriates \$300,000 of unused anti-displacement funds to seed this revolving loan fund. This appropriation advances the City's anti-displacement goals

by ensuring that low income and low asset housing owners aren't pushed into selling their homes when they need to move back into their property.

### **FISCAL IMPACT**

This action appropriates \$300,000 to seed a revolving loan fund to assist lower income and low asset housing providers in making their required tenant relocation payments.

### **PUBLIC OUTREACH / INTEREST**

This ordinance and resolution have been developed in consultation with members of the Oakland-Berkeley Association of Realtors, members of the Real Property Broker Association, and local African-American small property owners.

### **COORDINATION**

This legislation was developed in coordination with the City Attorney's Office. The Department of Housing and Community Development did not provide comment despite numerous requests.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** This legislation seeks to ensure equitable outcomes for low and moderate income, tenants and small property owners, especially African Americans who continue to be subject to racial disparities in lending. The use of public funds will serve as a hedge against the unintended consequence of providing a perverse incentive for working class owners to divest of their holdings in favor of wealthier land holding groups.

**Environmental:** There are no environmental opportunities identified in this report.

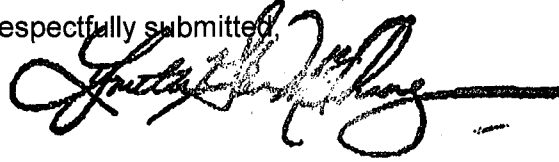
**Social Equity:** The adoption this legislation advances social equity by ensuring that long tenured housing providers facing financial difficulties in Oakland are able to return to live in their property while also seeking to help tenants relocate within Oakland

### **ACTION REQUESTED OF THE CITY COUNCIL**

(1) Adopt An Ordinance Amending The Uniform Residential Tenant Relocation Ordinance To Provide City Assistance For Low Income And Low Asset Homeowners To Pay Relocation Payments To Tenants Displaced By Owner And Relative Move In Evictions And (2) Adopt A Resolution Allocating \$300,000 Of Anti-Displacement Funds To The Hardship Payment Schedule Program

For questions regarding this report, please contact Alex Marqusee, Legislative and Policy Director, at 510-238-7031.92

Respectfully submitted,



---

Honorable Lynette Gibson McElhaney  
Councilmember, District 3

Prepared by:  
Alex Marqusee, Legislative and Policy Director  
Office of Councilmember McElhaney

Attachments (A): Fannie Mae Eligibility Matrix



## ELIGIBILITY MATRIX

The Eligibility Matrix provides the comprehensive LTV, CLTV, and HCLTV ratio requirements for conventional first mortgages eligible for delivery to Fannie Mae. The Eligibility Matrix also includes credit score, minimum reserve requirements (in months), and maximum debt-to-income ratio requirements for manually underwritten loans. Other eligibility criteria that are not covered in the Eligibility Matrix may be applicable for mortgage loans to be eligible for delivery to Fannie Mae, e.g., allowable ARM plans. See the *Selling Guide* for details. Refer to the last two pages of this document for exceptions to the requirements shown in the matrices.

### Acronyms and Abbreviations Used in this Document

ARM: Adjustable-rate mortgage, fully amortizing

DTI: Debt-to-income ratio

DU®: Desktop Underwriter®

FRM: Fixed-rate mortgage, fully amortizing

LTV: Loan-to-value ratio

CLTV: Combined loan-to-value ratio

HCLTV: Home equity combined loan-to-value ratio

Credit Score/LTV: Representative credit score and highest of LTV, CLTV, and HCLTV ratios

**Effective Dates:** Refer to the "MH Advantage" section of *Selling Guide* Announcement SEL-2018-05

Table of Contents	
HomeStyle Renovation, Manufactured Housing, and HomeReady® - Desktop Underwriter	Page 3
HomeStyle Renovation and HomeReady - Manual Underwriting	Page 5
Notes - Exceptions Applicable to ALL Matrices Other than DU Refi Plus and Refi Plus	Page 7-8



## Standard Eligibility Requirements - Desktop Underwriter Version 10.2

Excludes: DU Refi Plus, HomeStyle Renovation,  
Manufactured Housing, and HomeReady

Transaction Type	Number of Units	Maximum LTV, CLTV, HCLTV
<b>Principal Residence</b>		
Purchase Limited Cash-Out Refinance	1 Unit	FRM: 97% <sup>(1)</sup> ARM: 95%
	2 Units	FRM/ARM: 85%
	3-4 Units	FRM/ARM: 75%
Cash-Out Refinance	1 Unit	FRM/ARM: 80%
	2-4 Units	FRM/ARM: 75%
<b>Second Homes</b>		
Purchase Limited Cash-Out Refinance	1 Unit	FRM/ARM: 90%
Cash-Out Refinance	1 Unit	FRM/ARM: 75%
<b>Investment Property</b>		
Purchase	1 Unit	FRM/ARM: 85%
	2-4 Units	FRM/ARM: 75%
Limited Cash-Out Refinance	1-4 Units	FRM/ARM: 75%
Cash-Out Refinance	1 Unit	FRM/ARM: 75%
	2-4 Units	FRM/ARM: 70%

**NOTE: THERE MAY BE EXCEPTIONS TO THE ABOVE REQUIREMENTS FOR CERTAIN TRANSACTIONS.  
REFER TO THE NOTES SECTION ON PAGES 7-8 FOR THE EXCEPTIONS.**



## HomeStyle Renovation, Manufactured Housing, HomeReady<sup>(2)</sup> Desktop Underwriter Version 10.2

Transaction Type	Number of Units	Maximum LTV, CLTV, HOLTV
<b>HomeStyle Renovation Mortgage</b>		
<b>Principal Residence</b>		
Purchase Limited Cash-Out Refinance	1 Unit	FRM: 97% <sup>(1)</sup> ARM: 95%
	2 Units	FRM/ARM: 85%
	3-4 Units	FRM/ARM: 75%
<b>Second Homes</b>		
Purchase Limited Cash-Out Refinance	1 Unit	FRM/ARM: 90%
<b>Investment Property</b>		
Purchase	1 Unit	FRM/ARM: 85%
Limited Cash-Out Refinance	1 Unit	FRM/ARM: 75%
<b>Manufactured Housing</b>		
<b>Principal Residence</b>		
Purchase	1 Unit	FRM: 97% <sup>(1)</sup> ARM: 95%
Limited Cash-Out Refinance		
Cash-Out Refinance	1 Unit Term ≤ 20 years	FRM/ARM: 65%
<b>Second Homes</b>		
Purchase Limited Cash-Out Refinance	1 Unit	FRM/ARM: 90%
<b>HomeReady Mortgage</b>		
<b>Principal Residence</b>		
Purchase	1 Unit	FRM: 97% <sup>(1)</sup> ARM: 95%
Limited Cash-Out Refinance		
Purchase Limited Cash-Out Refinance	2 Units	FRM/ARM: 85%
	3-4 Units	FRM/ARM: 75%

**NOTE: THERE MAY BE EXCEPTIONS TO THE ABOVE REQUIREMENTS FOR CERTAIN TRANSACTIONS.  
REFER TO THE NOTES SECTION ON PAGES 7-8 FOR THE EXCEPTIONS.**



## Standard Eligibility Requirements - Manual Underwriting

Excludes: Refi Plus, HomeStyle Renovation, and HomeReady

Transaction Type	Number of Units	Maximum LTV/CLTV FRM/ARM	Maximum DTI ≤ 36%		Maximum DTI ≤ 45%	
			Credit Score/LTV	Minimum Reserves	Credit Score/LTV	Minimum Reserves
<b>Principal Residence</b>						
Purchase Limited Cash- Out Refinance	1 Unit	FRM/ARM: 95%	FRM/ARM: 680 if > 75% FRM: 620 if ≤ 75% ARM: 640 if ≤ 75%	0	700 if > 75% 640 if ≤ 75%	0
			660 if > 75%	6	FRM: 680 if > 75% FRM: 620 if ≤ 75% ARM: 680 if > 75%	2
	2 Units	FRM/ARM: 85%	680 if > 75% 640 if ≤ 75%	6	700 if > 75% 660 if ≤ 75%	6
					680 if > 75% 640 if ≤ 75%	12
	3-4 Units	FRM/ARM: 75%	660	6	680	6
					660	12
Cash-Out Refinance	1 Unit	FRM/ARM: 80%	680 if > 75% 660 if ≤ 75%	0	700 if > 75% 680 if ≤ 75%	0
			660 if > 75% 640 if ≤ 75%	6	680 if > 75% 660 if ≤ 75%	2
	2-4 Units	FRM/ARM: 75%	680	6	700	6
					680	12
<b>Second Home</b>						
Purchase Limited Cash- Out Refinance	1 Unit	FRM/ARM: 90%	680 if > 75% 640 if ≤ 75%	2	700 if > 75% 660 if ≤ 75%	2
					680 if > 75% 640 if ≤ 75%	12
Cash-Out Refinance	1 Unit	FRM/ARM: 75%	680	2	700	2
					680	12
<b>Investment Property</b>						
Purchase	1 Unit	FRM/ARM: 85%	680 if > 75% 640 if ≤ 75%	6	700 if > 75% 660 if ≤ 75%	6
					680 if > 75% 640 if ≤ 75%	12
	2-4 Units	FRM/ARM: 75%	660	6	680	6
					660	12
Limited Cash- Out Refinance	1 Unit	FRM/ARM: 75%	660	6	680	6
					660	12
	2-4 Units	FRM/ARM: 75%	680	6	700	6
					680	12
Cash-Out Refinance	1 Unit	FRM/ARM: 75%	700	6	720	6
					700	12
	2-4 Units	FRM/ARM: 70%	700	6	720	6
					700	12

**NOTE: THERE MAY BE EXCEPTIONS TO THE ABOVE REQUIREMENTS FOR CERTAIN TRANSACTIONS. REFER TO THE NOTES SECTION ON PAGES 7-8 FOR THE EXCEPTIONS.**





## HomeStyle Renovation and HomeReady - Manual Underwriting<sup>(2)</sup>

Maximum DTI ≤ 36%

Maximum DTI ≤ 45%

Transaction Type	Number of Units	Maximum LTV/CLTV/HCLTV	Credit Score/LTV	Minimum Reserves	Credit Score/LTV	Minimum Reserves
<b>HomeStyle Renovation Mortgage</b>						
<b>Principal Residence</b>						
Purchase Limited Cash-Out Refinance	1 Unit	FRM/ARM: 95%	FRM/ARM: 680 if > 75% FRM: 620 if ≤ 75% ARM: 640 if ≤ 75%	0	700 if > 75% 640 if ≤ 75%	0
			660 if > 75%	6	FRM: 680 if > 75% FRM: 620 if ≤ 75% ARM: 680 if > 75%	2
	2 Units	FRM/ARM: 85%	680 if > 75% 640 if ≤ 75%	6	700 if > 75% 660 if ≤ 75%	6
					680 if > 75% 640 if ≤ 75%	12
	3-4 Units	FRM/ARM: 75%	660	6	680	6
					660	12
<b>Second Homes</b>						
Purchase Limited Cash-Out Refinance	1 Unit	FRM/ARM: 90%	680 if > 75% 640 if ≤ 75%	2	700 if > 75% 660 if ≤ 75%	2
					680 if > 75% 640 if ≤ 75%	12
<b>Investment Property</b>						
Purchase	1 Unit	FRM/ARM: 85%	680 if > 75% 640 if ≤ 75%	6	700 if > 75% 660 if ≤ 75%	6
					680 if > 75% 640 if ≤ 75%	12
Limited Cash-Out Refinance	1 Unit	FRM/ARM: 75%	660	6	680	6
					660	12
<b>HomeReady Mortgage</b>						
<b>Principal Residence</b>						
Purchase Limited Cash-Out Refinance	1 Unit	FRM/ARM: 95%	FRM/ARM: 680 if > 75% FRM: 620 if ≤ 75% ARM: 640 if ≤ 75%	0	700 if > 75% 640 if ≤ 75%	0
			660 if > 75%	6	FRM: 680 if > 75% FRM: 620 if ≤ 75% ARM: 680 if > 75%	2
	2 Units	FRM/ARM: 85%	680 if > 75% 640 if ≤ 75%	6	700 if > 75% 660 if ≤ 75%	6
					680 if > 75% 640 if ≤ 75%	12
	3-4 Units	FRM/ARM: 75%	660	6	680	6
					660	12

**NOTE: THERE MAY BE EXCEPTIONS TO THE ABOVE REQUIREMENTS FOR CERTAIN TRANSACTIONS.  
REFER TO THE NOTES SECTION ON PAGES 7-8 FOR THE EXCEPTIONS.**



## DU Refi Plus and Refi Plus<sup>(3)</sup>

### DU Refi Plus

Transaction Type	Number of Units	Maximum LTV	Minimum Credit Score
------------------	-----------------	-------------	----------------------

#### Limited Cash-Out Refinance, Fixed Rate

Principal Residence	1-4 Units	No Limit	No Minimum
Second Home	1 Unit	No Limit	No Minimum
Investment Property	1-4 Units	No Limit	No Minimum

#### Limited Cash-Out Refinance, ARMS with Initial Fixed Periods $\geq$ 5 years

Principal Residence	1-4 Units	105%	No Minimum
Second Home	1 Unit	105%	No Minimum
Investment Property	1-4 Units	105%	No Minimum

### Refi Plus

#### Limited Cash-Out Refinance, Fixed Rate

			P&I	P&I
			Changes $\leq$ 20%	Increases $>$ 20%
Principal Residence	1-4 Units	No Limit	No Minimum	620
Second Home	1 Unit	No Limit	No Minimum	620
Investment Property	1-4 Units	No Limit	No Minimum	620

#### Limited Cash-Out Refinance, ARMS with Initial Fixed Periods $\geq$ 5 years

			P&I	P&I
			Changes $\leq$ 20%	Increases $>$ 20%
Principal Residence	1-4 Units	105%	No Minimum	620
Second Home	1 Unit	105%	No Minimum	620
Investment Property	1-4 Units	105%	No Minimum	620

**NOTE: THERE MAY BE EXCEPTIONS TO THE ABOVE REQUIREMENTS FOR CERTAIN TRANSACTIONS. REFER TO THE NOTES SECTION ON PAGES 7-8 FOR THE EXCEPTIONS.**



## Notes – Exceptions Applicable to ALL Matrices Other than DU Refi Plus and Refi Plus

**105% CLTV Ratio/Community Seconds®:** The CLTV ratio may exceed the limits stated in the matrices up to 105% only if the mortgage is part of a Community Seconds transaction. Manufactured housing that is not MH Advantage that have Community Seconds are limited to the LTV, CLTV, and HCLTV ratios stated in the matrices.

The following are not permitted with Community Seconds: second homes, investment properties, cash-out refinances, ARMs with initial adjustment periods less than 5 years, and co-op share loans.

**Cash-out refinances:** If the property was purchased within the prior six months, the borrower is ineligible for a cash-out transaction unless the loan meets the delayed financing exception in the *Selling Guide* (B2-1.2-03, Cash-Out Refinance Transactions).

**Condos:** Lower LTV, CLTV, and HCLTV ratios may be required for certain mortgage loans depending on the type of project review the lender performs for properties in condo projects. See B4-2.1-01, General Information on Project Standards, B4-2.2-01, Limited Review Process, and B4-2.2-04, Geographic-Specific Condo Project Considerations.

**Construction-to-permanent:** These transactions are subject to the applicable eligibility requirements based on the loan purpose. Single-closing transactions are processed as purchases or limited cash-out refinances, and two-closing transactions are processed as limited cash-out or cash-out refinances. Exceptions: mortgage loans secured by manufactured housing or units in a condo or co-op project are not eligible for construction-to-permanent financing. If the transaction is a single-closing construction-to-permanent loan, and the age of the credit or appraisal documents exceed standard guidelines, there are exceptions to the eligibility requirements. See B5-3.1-02, Conversion of Construction-to-Permanent Financing: Single-Closing Transactions.

**Co-op properties:** The following are not permitted with co-op share loans - subordinate financing, investment properties, and cash-out refinances on second home properties.

**Employment-related assets:** Exceptions to the eligibility requirements apply if this type of asset is used as qualifying income. See B3-3.1-09, Other Sources of Income.

**High-balance loans:** With the exception of Refi Plus, high-balance loans must be underwritten with DU. All borrowers on the loan must have a credit score. See DU and Refi Plus matrices for eligibility requirements for high-balance loans.

**HomeStyle Energy:** Any transaction may be combined with HomeStyle Energy other than DU Refi Plus and Refi Plus. For manually underwritten loans, the criteria that applies to DTI ratios of 36% may apply up to 38% for HomeStyle Energy loans. (DTI ratios up to 45% are also permitted in accordance with this matrix.) See B5-3.3-01, HomeStyle Energy for Improvements on Existing Properties.

**Manufactured housing:** With the exception of Refi Plus, loans secured by manufactured homes (including MH Advantage) must be underwritten with DU. See DU and Refi Plus matrices.

**Multiple financed properties:** Borrowers of second homes or investment properties with multiple financed properties are subject to additional reserves requirements. Borrowers with seven to ten financed properties are subject to a minimum credit score requirement (only permitted in DU). See B3-4.1-01, Minimum Reserves Requirements.





## Notes – Exceptions Applicable to ALL Matrices Other than DU Refi Plus and Refi Plus

**Non-occupant borrowers:** For manually underwritten loans, if the income of a non-occupant borrower is used for qualifying purposes, lower LTV, CLTV, and HCLTV ratios are required. See B2-2-04, *Guarantors, Co-Signers, or Non-Occupant Borrowers on the Subject Transaction*.

**Nontraditional credit:** Exceptions to the eligibility requirements apply to all transactions when one or more borrowers are relying on nontraditional credit to qualify. See B3-5.4-01, *Eligibility Requirements for Loans with Nontraditional Credit*.

## Notes - Specific to Certain Transactions

(1) **LTV, CLTV, and HCLTV Ratios Greater than 95%:** These transactions are not permitted for high-balance loans, loans with a non-occupant borrower, or manufactured homes that are not MH Advantage. At least one borrower on the loan must have a credit score. For non-HomeReady purchase transactions, at least one borrower must be a first-time home buyer. For limited cash-out refinances, Fannie Mae must be the owner of the existing mortgage. See the *Selling Guide* for additional requirements.

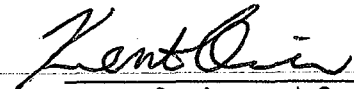
(2) **Combination of HomeStyle Renovation, HomeReady, and Manufactured Housing:** If a transaction includes a combination of HomeStyle Renovation, HomeReady, and manufactured housing, the more restrictive eligibility requirements of each of those transactions apply. DU will apply the applicable eligibility requirements, but the lender must determine eligibility for manually underwritten loans.

**Examples:**

1. A HomeReady mortgage that is also a HomeStyle Renovation mortgage must be a principal residence (per HomeReady). The lender must meet the HomeStyle Renovation lender approved requirements, as applicable.
2. A HomeReady mortgage for a manufactured home (that is not MH Advantage) must be a one-unit property that is underwritten through DU with a maximum LTV ratio of 95% (per manufactured housing), and a purchase or limited cash-out refinance of a principal residence (per HomeReady).

(3) **DU Refi Plus and Refi Plus:** Loans are subject to a unique limited cash-out refinance definition, and other unique subordinate lien requirements. Exceptions to the LTV ratio limits apply to Texas Section 50(a)(6) mortgages. There is no maximum CLTV or HCLTV ratio limit for any DU Refi Plus or Refi Plus mortgage loan. A minimum credit score and maximum DTI ratio apply to higher-priced mortgage loans. See B5-5.2-01, *DU Refi Plus and Refi Plus Eligibility*, and B5-5.2-02, *DU Refi Plus and Refi Plus Underwriting Considerations*.

18 JUN 14 PM 3:46



CITY ATTORNEY'S OFFICE

## OAKLAND CITY COUNCIL

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

---

**AN ORDINANCE AMENDING THE UNIFORM RESIDENTIAL  
TENANT RELOCATION ORDINANCE TO PROVIDE CITY  
ASSISTANCE FOR LOW INCOME AND LOW ASSET  
HOMEOWNERS TO PAY RELOCATION PAYMENTS TO TENANTS  
DISPLACED BY OWNER AND RELATIVE MOVE IN EVICTIONS**

**WHEREAS**, the City of Oakland is experiencing an unprecedented housing crisis which requires immediate emergency action by the City government; and

**WHEREAS**, the City of Oakland passed Ordinance 13468 on January 16, 2018 which required owners to pay relocation assistance to tenants displaced by owner or relative move-in evictions; and

**WHEREAS**, some housing providers in the City are lower income and may have most, if not all, of their retirement savings held in real estate equity and for these owners the payment of this relocation assistance may be overly burdensome and may incentivize long-time housing owners to sell their properties and leave the City of Oakland; and

**WHEREAS**, after the passage of the Civil Rights Bill of 1968, commonly known as the "Fair Housing Act," Oakland became one of the areas throughout the country with opportunities for Black Americans to acquire real estate and begin to overturn the centuries-old practice of barring Black Americans from participation in vehicles of community building, family stability and wealth creation through real estate; and,

**WHEREAS**, discriminatory practices in housing led to the concentration of Black and Brown people living Oakland's flatland communities, subjecting these residents to the detrimental and illegal practices of targeted redlining and subprime lending that defies the intent of the Fair Housing Act and continues to lead to disproportionately low real estate ownership rates for African American, Latinx and other affected communities; and

**WHEREAS**, the City Council is committed to enacting equitable public policy that will encourage and nurture economic and racial diversity in every community; and

**WHEREAS**, the City Council is committed to creating a pathway for lower income housing providers who do not own a substantial amount of property the ability to access assistance from the City of Oakland to pay relocation assistance at the time of eviction and to subsequently reimburse the City of Oakland for these costs at a later date; and

**WHEREAS**, this Ordinance applies an income and asset eligibility test based on the Federal regulations for determining eligibility to receive a federally insured home equity loan to ensure that only owners without substantial assets who would be burdened by the relocation assistance requirements are eligible for City assistance to meet their relocation payment requirements; now, therefore,

**THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:**

**SECTION 1. Modification of Section 8.22.850 of the Oakland Municipal Code.** Section 8.22.850 of the Oakland Municipal Code is hereby amended to read as follows (additions are shown as double underline and deletions are shown as strikethrough):

**8.22.850 – Relocation Payments for Owner or Relative Move-Ins**

- A. Applicability. An Owner who evicts a Tenant pursuant to O.M.C. Section 8.22.360(A)(9) or where a Tenant vacates following a notice or other communication stating the Owner's intent to seek recovery of possession of the unit under this O.M.C. Section must provide relocation payment under this Section. Relocation payment procedures pursuant to code compliance or Ellis Act evictions will be governed by the Code Compliance Relocation Ordinance and the Ellis Act Ordinance.
- B. The property Owner shall be responsible for providing relocation payments, in the amounts specified in Section 8.22.820, to an eligible Tenant Household in the form and manner prescribed under this article and any rules and regulations adopted under this article.
- C. Tenant Eligibility for Payment. Tenants will be eligible for relocation payments according to the following schedule based on the effective date of ay notice to terminate:
  - 1. Upon taking possession of the Rental Unit, the Tenant will be eligible for one-third (1/3) of the total payment pursuant to subsection B above.
  - 2. After one year of occupancy of the Rental Unit, the Tenant will be eligible for two-thirds (2/3) of the total payment pursuant to subsection B above.
  - 3. After two years of occupancy of the Rental Unit, the Tenant will be eligible for the full amount of the total payment pursuant to subsection B above.
- D. Time for payment
  - 1. The Owner must pay the Tenant half of the relocation payment provided for in Section 8.22.820(A) when the termination notice is given to the household and the remaining half when the Tenant vacates the unit provided that the Tenant agrees, in writing, not to contest an unlawful detainer based on the notice to terminate tenancy for the Owner or relative

moving in to the Tenant's Rental Unit. If the Tenant does not so agree, then the entirety of the relocation payment is not due unless the Owner prevails in the unlawful detainer. If the Owner prevails in the unlawful detainer, the relocation payment must be paid to the Tenant prior to the Owner seeking a writ of possession for the Tenant to vacate the unit.

2. The Owner must pay the Tenant the additional payment provided for in Section 8.22.820(B) within fifteen (15) days of the Tenant's notice of eligibility or the Tenant supplying documentation of the Tenant's eligibility.
- E. Failure to make the relocation payments in the manner and within such times as prescribed in this Section is not a defense to an unlawful detainer action. However, if an Owner fails to make the relocation payment as prescribed, the Tenant may file an action against the Owner and, if the Tenant is found eligible for the relocation payments, the Tenant will be entitled to recover the amount of the relocation payments plus an equal amount as damages and the Tenant's attorney's fees. Should the Owner's failure to make the payments as prescribed be found to be in bad faith, the Tenant shall be entitled to the relocation payments plus an additional amount of three times the amount of the relocation payments and the Tenant's attorney's fees.
- F. Owners may apply for a zero-interest loan from the City of Oakland for the purpose of satisfying their relocation payment obligation under this O.M.C Section if they meet the eligibility criteria set forth below. An owner qualifies for a relocation payment assistance loan if they meet the following two conditions:
1. Ownership of fewer than five units in the City of Oakland. In the case of a relative move-in, the relative must also not own any other real estate property and must be of low or moderate income as defined by California Health and Safety Code Section 50093.
  2. The Owner must be ineligible for a cash-out refinance loan based on the underwriting criteria for investment properties set forward by Fannie Mae regulations.

The owner must also meet at least one of the following two conditions to qualify:

1. The Owner must not have more than six months of liquid financial reserves as defined by Fannie Mae regulations.
2. The owner must qualify as low or moderate income as defined by California Health and Safety Code Section 50093.

The City Administrator may issue additional regulations or guidance to implement this subsection.

**SECTION 2. Regulations and Guidance for Implementation.** The City Administrator is directed to issues any additional regulations or guidance needed to implement this subsection. In creating any regulations regarding loan repayment, the City Council seeks a system that both maximizes the repayment of the zero-interest loans, which may include a lien on the property, and a system that considers the ability of lower income owners to repay the zero-interest loan at a rate that does not incur additional hardship. Additionally, the City Administrator is encouraged to investigate

proposing an amendment to the Master Fee Schedule to pay for the administration of this program.

**SECTION 3. Severability.** If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Chapter. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses or phrases may be declared invalid or unconstitutional.

**SECTION 4. Effective Date.** This ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes; otherwise it shall become effective upon the seventh day after final adoption.

**SECTION 5.** This action is exempt from the California Environmental Quality Act ("CEQA") pursuant to, but not limited to, the following CEQA Guidelines: § 15378 (regulatory actions), § 15061(b)(3) (no significant environmental impact), and § 15183 (consistent with the general plan and zoning).

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

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

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_

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

Date of Attestation: \_\_\_\_\_



## **NOTICE AND DIGEST**

### **AN ORDINANCE AMENDING THE UNIFORM RESIDENTIAL TENANT RELOCATION ORDINANCE TO PROVIDE CITY ASSISTANCE FOR LOW INCOME AND LOW ASSET HOMEOWNERS TO PAY RELOCATION PAYMENTS TO TENANTS DISPLACED BY OWNER AND RELATIVE MOVE IN EVICTIONS**

This Ordinance amends the Uniform Residential Tenant Relocation Ordinance to provide city assistance for low income and low asset homeowners to pay relocation payments to tenants displaced by owner and relative move in evictions.