

# THE CITY OF OAKLAND

## AGENDA REPORT

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

TO: Office of the City Administrator

2011 NOV 17 PM 4:22 J. Santana

FROM: Community and Economic Development Agency

DATE: November 29, 2011

RE: A Monthly Tracking Report on the Implementation of the Vacant Building Registry

---

### SUMMARY

The chair of the Community and Economic Development (CED) Committee has requested a monthly report tracking the outcomes to date under the City of Oakland's Vacant and Foreclosed Building Registry program. Modeled on a tracking report previously utilized by the Rules Committee, this monthly informational presentation will provide quantifiable results of the effort, but will not attempt to evaluate the merits of current and possible alternative future approaches to the need to remediate the blighting effects that vacant and foreclosed residential buildings can have upon the Oakland community.

Outcomes generated to date under the current Vacant and Foreclosed Building Registration program are included as *Attachment A* to this report.

Pursuant to a request from the Committee at the September 27, 2011 meeting, narrative information regarding the Wells Fargo pilot program is included as *Attachment B* to this report.

Pursuant to a request from Councilmember Kernighan at the September 27, 2011 meeting, preliminary information from staff regarding proposed local legislative efforts that would assist in blight abatement of foreclosed properties is included as *Attachment C* to this report.

### ACTION REQUESTED OF THE CITY COUNCIL


Staff requests that the Council accept this monthly tracking report.

Respectfully submitted,



Fred Blackwell, Assistant City Administrator  
Community and Economic Development Agency

APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



Office of the City Administrator

Item: \_\_\_\_\_  
CED Committee  
November 29, 2011

# ATTACHMENT A, outcomes through October 2011

CITY REGISTRY: VACANT/FORECLOSED PROPERTIES--registration, fees, and penalties							
	METRIC	July 2010 to June 2011	July 2011	August 2011	Sept 2011	Oct 2011	TOTALS, program to date
1	Foreclosed parcels registered by lenders	1,188	87	82	42	69	1,468
1.1	• Foreclosed registration fees collected (at \$568 each)	\$667,000	\$49,500	\$46,500	\$23,856	\$39,192	\$826,048
2	Foreclosed registration penalty notices mailed to lenders	598	12	2	5	1	618
3	Foreclosed registration penalties charged (at \$5,000 each)	\$710,000	\$0	\$0	\$0	\$5,000	\$715,000
3.1	• Foreclosed registration penalties collected	\$185,000	\$0	\$0	\$0	\$0	\$185,000
4	Foreclosed cost-recovery fees charged	\$608,000	\$0	\$0	\$13,600	\$1,700	\$623,300
4.1	• Foreclosed cost-recovery fees collected	\$115,000	\$0	\$0	\$13,600	\$0	\$128,600
5	Total CHARGED: foreclosed registration fees, penalties and cost-recovery fees	\$1,985,000	\$49,500	\$46,500	\$13,600	\$45,892	\$2,140,492
6	Total COLLECTED: foreclosed registration fees, penalties and cost-recovery fees	\$967,000	\$49,500	\$46,500	\$37,456	\$39,192	\$1,139,648
7	City staff overtime cost incurred	\$225,000	\$8,000	\$7,000	\$7,000	\$3,000	\$250,000

# ATTACHMENT A, outcomes through October 2011

VACANT/FORECLOSED PROPERTIES--BLIGHT ABATEMENT							
	METRIC	July 2010 to June 2011	July 2011	August 2011	Sept 2011	Oct 2011	TOTALS, program to date
8	Number of foreclosed parcels inspected	1,900	300	300	300	110	2,910
8.1	• Number of blight penalty notices mailed to lenders	481	19	8	0	6	514
8.2	• Foreclosed parcels cleaned and/or secured by lenders	270	7	3	8	6	294
8.3	• Foreclosed parcels cleaned and/or secured by Code Enforcement	35	0	0	0	0	35
9	Fees & penalties assessed for blighted foreclosed properties	\$0	\$0	\$139,600	\$0	\$0	\$139,600
10	Fees & penalties collected for blighted foreclosed properties	\$0	\$0	\$0	\$139,600	\$0	\$139,600
11	SB 1137 properties inspected	553	24	7	19	6	609
11.1	• SB 1137 notices served	36	0	0	0	1	37
11.2	• SB 1137 penalties assessed	n/a	n/a	n/a	n/a	\$84,00	\$84,000
11.3	• SB 1137 penalties collected	n/a	n/a	n/a	n/a	\$0	\$0

**ATTACHMENT A, outcomes through October 2011**

<b>GENERAL CITYWIDE BLIGHT ABATEMENT ACTIVITY (NON-FORECLOSURES)</b>							
	<b>METRIC</b>	<b>July 2010 to June 2011</b>	<b>July 2011</b>	<b>August 2011</b>	<b>Sept 2011</b>	<b>Oct 2011</b>	<b>TOTALS, program to date</b>
12	Property blight complaints received by Code Enforcement (citywide)	5,225	330	350	320	240	6,465
12.1	• Property blight inspections conducted (each complaint can require multiple inspections)	18,600	1,100	1,250	1,150	860	22,960
13	Residential habitability complaints received by Code Enforcement (citywide)	3,290	225	250	230	170	4,165
13.1	• Citywide residential habitability inspections conducted (each complaint can require multiple inspections)	11,980	790	930	850	630	15,180
14	Property blight abatement contracts issued by Code Enforcement (citywide)	373	28	6	15	8	430
14.1	• Citywide property blight abatement contracts, amount lien	\$2,225,300	\$106,000	\$197,800	\$64,200	\$34,100	\$2,627,400
14.2	• Of that lien, amount collected	\$489,200	\$181,000	\$187,900	\$102,000	\$122,000	\$1,082,100

## Attachment B

### Vacant Building Registration Program

#### SUMMARY

Beginning in April 2011, the Community and Economic Development Agency (CEDA) assigned a team of three (3) inspectors from the Building Services Division (BSD) to focus exclusively on foreclosed residential properties. The program was developed in partnership with the City Attorney's Office (OCA) and the City Administrator's Office to provide targeted enforcement of lender-owned residential properties using the California Civil Code (SB 1137 - vacant and blighted) and the Oakland Municipal Code (OMC - vacant & unregistered and occupied & blighted), which included consolidated inspections, noticing, follow-up communications, and associated charges.

#### PILOT PROGRAM

##### Wells Fargo Bank

A revised enforcement protocol was developed in April 2011 which focused City resources using the California Civil Code and the Oakland Municipal Code on all properties owned by a single lender. Wells Fargo Bank and its affiliates were selected for a pilot program to gain experience with implementing residential foreclosure procedures with institutional lenders.

- **Property Inspections - April 2011**

BSD inspected 181 residential properties that had been identified from a vendor listing service provided by CEDA Housing either as in the foreclosure process (Notice of Default – NOD) or actually foreclosed (Real Estate Owned - REO) by Wells Fargo Bank (WFB) or an affiliate. Because of the County's lag-time with listing REO properties, BSD also inspected NOD properties to assure that all possible foreclosed properties were captured.

- **Violation Notices - May 2011**

Of the 181 NOD and REO properties inspected in April, BSD found 107 properties which were either vacant and blighted (SB 1137) or vacant and unregistered (OMC Chapter 8.54) or occupied and blighted (OMC Chapter 8.24). In May 2011, the City Attorney's Office sent 11 violation notices to WFB for SB 1137 blight violations, and BSD sent 96 violation notices to WFB for OMC blight and registration violations.

Wells Fargo Bank – NOD and REO Residential Properties				
Properties Inspected by CEDA	Violation Notices Sent - May 2011			
	OCA	CEDA		
	SB 1137 Vacant & Blighted	OMC 8.54 Vacant & Unregistered	OMC 8.24 Occupied & Blighted	Total
	181	11	15	81

Item: \_\_\_\_\_

Community and Economic Development Committee  
November 29, 2011

- **Property Re-inspections - June 2011**

In June 2011, BSD re-inspected the 107 properties which had been sent violation notices in May and found that OMC violations had been abated at 28% of the properties and SB 1137 violations had been abated at all the properties.

Wells Fargo Bank – NOD and REO Properties				
Properties Re-inspected by CEDA June 2011	Properties With Unabated Violations - June 2011			
	CAO	CEDA		
	SB 1137 Vacant & Blighted	OMC 8.54 Vacant & Unregistered	OMC 8.24 Occupied & Blighted	Total
107	0	10	67	77

- **OMC Citation and Penalty Notices - June 2011 through August 2011**

Based on the re-inspections in June 2011, BSD sent 10 Administrative Citation notices (\$5,000) and 67 Civil Penalty notices (\$1,000 per day) to WFB. WFB appealed all 77 notices. Between June 2011 and August 2011, WFB provided documentation, which was reviewed by OCA, that only 8 of the 77 properties were actually owned by WFB and had not been abated in sufficient time to avoid fees, citations, and penalties.

Wells Fargo Bank - NOD and REO Properties		
OMC Fees, Citations, and Penalties Appeals - Not Applicable		Properties
1	Short sale by WFB *	1
2	Short sale by other lenders *	2
3	Owned by other lender (REO)	4
4	Foreclosure sale by other lenders (REO)	4
5	Incorrect property address for abatement notice	2
7	NOD recorded by WFB, but foreclosure not completed	48
6	Foreclosure sale by WFB (REO) prior to abatement notice mailing	4
8	Blight abatement forestalled due to removing tenants' personal property	2
9	Owned by WFB (REO) but violations abated within time allowed following notice	2
Total Not Applicable		69

\* sale from homeowner to new owner where lender accepts less than full payment of mortgage

- **OMC Fees and Penalties Collected - September 2011**

Of the 8 properties subject to OMC fees and penalties, Wells Fargo Bank paid a total of \$139,600. \$13,600 was collected for inspection fees (\$1,7000 per property) for all 8 properties with OMC blight violations. \$126,000 was collected for civil penalties (\$21,000) for 6 of the 8 properties with OMC blight violations. Blight on 2 of the properties was abated prior to the expiration of the time-to-cure before civil penalties were assessed, but not before re-inspection fees had accrued in June.

Item: \_\_\_\_\_

Community and Economic Development Committee  
November 29, 2011

Wells Fargo Bank - Fees, Citation, and Penalty Collections						
	SB 1137 Vacant & Blighted	OMC 8.54 Vacant & Unregistered		OMC 8.24 Occupied & Blighted		total
	\$1,000 per day. penalties	\$1,700 inspection fees	\$5,000 citations	\$1,700 inspection fees	\$21,000 penalties	
Properties	0	2	0	6	6	
Collected	\$0	\$3,400	\$0	\$10,200	\$126,000	\$139,600

## CONTINUING IMPLEMENTATION

- Institutional Lenders

CEDA has continued to inspect other NOD and REO properties. The following summarizes the results for major lenders:

NOD and REO Properties							
Lender	Properties Inspected	Notice of Violations			OMC Notice of Penalty and Citation		
		Vacant & Blighted (SB 1137)	Vacant & Not Registered (OMC 8.54)	Occupied & Blighted (OMC 8.24)	Inspection Fees (\$1,700)	Registration Citations (\$5,000)	Blight Penalties (\$21,000)
Bank of America	69	13	6	23	7	3	4
Deutsche Bank	12	0	0	0	0	0	0
Federal National Mortgage Assoc (Fannie Mac)	83	24	13	19	6	2	4
Chase Bank	86	pending	pending	pending	pending	pending	pending
Federal Home Loan Mortgage Corp (Freddie Mac)	33	2	2	8	5	0	4

## **Attachment C**

### **Potential Local Legislative Changes to Assist in Blight Abatement of Foreclosed Properties**

#### **SUMMARY OF STATUS OF STAFF RESEARCH AND PROPOSALS**

Pursuant to a request from Councilmember Kemighan at the September 27, 2011 meeting, staff has been researching possible changes to local legislation that would assist in the City's efforts of blight abatement of foreclosed properties. Staff is proposing two sets of legislative solutions.

First, that the Council consider expanding the City's current Foreclosed and Vacant Residential Property Registration ordinance (OMC section 8.54) to include the registration of the following properties:

1. Foreclosed and vacant commercial and industrial property; and
2. Residential, commercial, or industrial property that has been issued a Notice of Default (NOD) for failure to make loan payments.

Several other jurisdictions, such as the Cities of Los Angeles, Richmond, Chula Vista, and Montebello, have similar requirements as a strategy to fully capture information about the scale of the foreclosure crisis in their communities. Staff plans on returning to Council with a full report and resolution regarding these proposed changes to the current Registration ordinance.

Second, the City Attorney's office is researching whether the City can legally require mortgage lenders who have issued a NOD but not completed the foreclosure process to maintain vacant or occupied properties. Staff plans on returning to Council with a status report, as well as a full report and resolution should the legal research support such a proposal.