

**CITY OF OAKLAND**  
**AGENDA REPORT**

2010 NOV -4 PM 1:07

TO: Office of the City Administrator  
ATTN: Dan Lindheim  
FROM: Community and Economic Development Agency  
DATE: November 16, 2010

RE: **A Resolution 1) Creating a Revolving Fund to Provide Relocation Assistance to Eligible Tenants Under the Code Enforcement Relocation Program; 2) Appropriating \$150,000 in CDBG Funds And; 3) Creating A Vacant, Blighted Property Board Up, Clean Up Revolving Fund With \$150,000 In Appropriated FY 2010-11 CDBG Funds.**

---

**SUMMARY**

The purpose of this report is to seek Council approval to appropriate \$150,000 in Community Development Block Grant Funds (CDBG) to create a revolving fund to provide relocation assistance to tenants displaced as a result of City code enforcement activities. The purpose of this report is to also seek Council approval to create a revolving fund for the vacant blighted property board up, clean up revolving fund with \$150,000 in appropriated FY 2010-11 CDBG funds.

Although the Code Enforcement Relocation Program (CERP) places responsibility on property owners to provide relocation benefits to eligible tenants when a property is vacated due to health and safety issues, the City may choose to provide these benefits in certain cases, particularly when the existing property owners either cannot or refuse to pay tenant relocation costs. These payments can in turn be recovered at a later date and returned to the proposed revolving fund. This would provide Housing Development – which currently administers the program in coordination with Code Compliance – with a clearly identified source of funding to provide relocation assistance to eligible tenants under the program. Currently, there is no established, reliable source of funding for this program.

The creation of a revolving fund will help stabilize the City's administration of the CERP, and help the City provide a crucial safety net for eligible displaced tenants during the period of temporary (or permanent) relocation.

**FISCAL IMPACT**

Funds to appropriate to CERP are available in Community Development Block Grant/HUD-CDBG (Fund 2108), CDBG Coordination Organization (88949), CD Reprogramming General

Item: \_\_\_\_\_  
C&ED Committee  
November 16, 2010

Project (G10050). Funds for the board up, clean up project were appropriated with the FY 2010-11 CDBG budget.

Since this will be a revolving fund, additional funds from future liens placed on properties for owner non-compliance with the relocation benefits payments will be used to replenish the fund for this program. Also, the authorizing legislation makes this program voluntary on the part of the City, and no financial liability is incurred on the part of the City if there is not funding available to provide assistance at any given point in time.

## **BACKGROUND**

City Council adopted Ordinance No. 11552 C.M.S. on February 23, 1993, establishing the Code Enforcement Relocation Program and codifying it in Chapter 15.60 of the Oakland Municipal Code. On October 13, 1998, City Council adopted Ordinance No. 12086 C.M.S. to revise, clarify, and expand most sections within Chapter 15.60.

## **KEY ISSUES AND IMPACTS**

As described in detail below (see "Program Description"), the CERP requires property owners to provide relocation assistance to tenants displaced as a result of City code enforcement activities. However, the City also has the option to provide relocation assistance itself (to be later recovered from property owners) to eligible tenants in cases of owner non-compliance, or if imminent building hazards require immediate vacation of the property.

To date, the City has not established a consistent or streamlined process to administer the program. Several City departments have housed the program since its inception, and Housing Development recently assumed administration of the relocation assistance portion of the program (in coordination with Code Compliance) from the Real Estate division. In addition, the City has never established a designated source from which to draw funds for providing relocation assistance to eligible displaced tenants in the special cases mentioned above. Funding for relocation assistance has generally been provided through the General Fund, and its availability has been unreliable.

The appropriation of these CDBG funds and creation of a revolving fund for the program would help stabilize program administration by establishing a clear source of funding for Housing Development to provide relocation assistance to eligible tenants who seek assistance from the City when needed due to owner non-compliance. The program allows the City to recover the costs of providing relocation assistance by either billing the property owner or placing a lien on the property. This revolving restructure provides for a continuing source of money for relocation assistance. However, it is possible that providing assistance to a large number of eligible tenants could exhaust the available funds at any particular moment, forcing the City to deny assistance to

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

Community & Economic Development Committee

November 16, 2010

others until it is able to collect reimbursements from property owners or liens. Potential intermittent funding shortfalls are an issue of concern moving forward with the program.

## **PROGRAM DESCRIPTION**

### **Code Enforcement Relocation Program (CERP)**

The CERP's stated purpose is to "provide for owner-paid relocation payments and assistance to residential tenants who are displaced due to city code enforcement activities" per Oakland Municipal Code Chapter 15.60.010. The program requires property owners to pay each displaced tenant household a one-time payment equal to twice the HUD Fair Market Rent figure for a unit of comparable size to the vacated unit, plus a set payment of \$200 (or \$500 in cases where imminent hazards require immediate vacancy) to help defray moving costs.

For example, the current HUD Fair Market Rent standard for a two bedroom unit is \$1377 per month, so a household in a two bedroom unit being vacated under the imminent hazard standard would be eligible to receive a one-time payment of \$3,254 (\$1,377 per month for two months, plus \$500 in emergency moving expenses).

As previously stated, the program places responsibility on property owners to provide relocation payments to eligible displaced tenants. However, the City may choose to make payments to these tenants if the owner either refuses to make the payments, or if a code enforcement official has determined that immediate vacation of the unit is necessary due to public health and safety concerns, and the tenant requires urgent assistance that the property owner is unable or unwilling to provide. Nevertheless, the City is not required to provide relocation assistance, especially if funds aren't available. If the City chooses to provide such assistance, it bills the property owner for the amount of the payment, plus administrative time. If the owner does not reimburse the City, the City may then place a lien on the property to recover its costs.

The CERP follows a series of sequential steps, as described below:

1. Upon issuing a Notice to Vacate, a Notice to Abate Life-threatening Condition, or Declaration of Substandard to a property owner, Code Compliance notifies the property owner and each affected household regarding the tenant household's eligibility for the relocation program.
2. The property owner is then required to notify eligible tenants of: 1) their eligibility in the relocation program; 2) the reasons for the need to vacate; 3) the tenant's entitlement to relocation payments; 4) the tenant's right to re-occupancy following completion of repairs (if repairs will be made); and 5) the estimated date for re-occupancy.
3. If Code Compliance refers a tenant to Housing Development via an Assistance Information/Referral Form, the tenant must contact Housing Development within ten days. If the tenant

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

Community & Economic Development Committee

November 16, 2010

doesn't contact Housing Development within ten days of receiving notice from either the owner or the City, it does not relieve the owner from having to provide relocation benefits; however, the City will not be obligated to make payments to the tenants after the ten day period has passed.

4. Once in contact with a tenant, Housing Development staff confirms each tenant's eligibility, interviews the tenant to explain the program's benefits, and otherwise provides information, referrals, and other relocation advisory assistance aimed at facilitating the household's move. This can include directing the tenant to a list of available units within the City.
  - a. The property owner is at this point responsible for providing the relocation payments as described above to the eligible tenant household, in accordance with Section 15.60.110.
  - b. However, the City may directly make a payment to the tenant under certain circumstances, which are:
    - Housing Development determines that the owner can't or won't provide payments to the tenant on time, and decides to provide a direct payment to the tenant. Only the tenant can trigger this process, by submitting a request (either by phone, in person, by letter, or by email) to the City for payment no later than 60 days after vacation of the original unit; or
    - Code Enforcement requires immediate vacation of the unit out of health and safety concerns, and the tenant requires urgent relocation assistance.
  - The City then notifies the property owner of its decision to provide direct payment to the tenant, and bills them for reimbursement of the amount of the payment amount specified in Section 15.60.110, plus any associated administrative costs to the City resulting from the owner's failure to provide relocation benefits to the tenant. The owner is then required to reimburse the City within five days of receiving the bill. *If the owner does not make a full and timely payment to the City, the City may record a lien on the property with the County Recorder, and must notify the owner and the County Assessor of this action. Alternatively, the City may add the un-reimbursed amount onto any other lien that it may have previously placed on the property.*
  - The City must make a reasonable effort to contact a representative of the owner by telephone or written communication prior to authorizing payment to the tenant (though negligence in this regard on the part of the City does not relieve the owner from having to provide relocation benefits).

Moving forward, Housing Development and Code Compliance staff will meet on an as-needed basis to evaluate the program's administration, and address issues of concern.

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

Community & Economic Development Committee

November 16, 2010

**Blighted Board Up/Clean Up Program**

As part of the approved FY 2010-11 CDBG funding allocation, the board up/clean up program received an allocation of \$150,000. The Board Up/Clean Up program is designed to reduce blight in low income areas by boarding up, fencing and clearing debris from vacant properties that have been cited for code violations. The program allows the City to recover the costs of providing these services by placing a lien on the property. The creation of a revolving fund provides for a continuing source of money for this program from future liens placed on properties.

**SUSTAINABLE OPPORTUNITIES**

The proposed release of funds will address the “3 E’s” of sustainability in the following ways:

***Economic:*** The proposed creation of a revolving fund is not intended to have any direct economic effect, such as job generation, sales tax revenues, or increasing the local housing inventory. However, the program is designed to ensure that tenants displaced due to City code enforcement activities do not incur undue financial hardship or fall into homelessness or increased risk of losing employment. In this sense, the program could have the indirect economic effect of helping ensure that tenants’ level of participation in the local economy (e.g., keeping their jobs, patronizing Oakland businesses, etc.) continues uninterrupted.

***Environmental:*** The program is intended to help facilitate the process through which non-complying buildings are brought into code, and therefore made more suitable for tenancy from an environmental health and safety perspective.

***Social Equity:*** Households eligible for relocation assistance are often low-income, and the program is designed to alleviate undue financial stress on these households under the difficult circumstances of temporary (or permanent) relocation. While property owners are ultimately responsible for providing relocation payments to these vulnerable displaced tenants, owners sometimes do not provide these payments within the required time period, or at all. Although the program does not obligate the City to provide relocation assistance to tenants in cases of owner non-compliance, the City can act as a crucial safety net and resource for these tenants if sufficient funding is available to be used for relocation payments.

**DISABILITY AND SENIOR CITIZEN ACCESS**

The proposed appropriation of funds would help ensure that Housing Development staff has the resources to help displaced tenants, who will likely include seniors and persons with disabilities, find and pay for temporary housing that is amenable to disabled persons or seniors, and in compliance with the ADA and the Older Americans Act.

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

Community &amp; Economic Development Committee

November 16, 2010

**RECOMMENDATION(S) AND RATIONALE**

The requested action in this report is for City Council to approve the appropriation of \$150,000 of CDBG funds, and future lien revenue related to the CERP, to create a revolving fund to provide relocation assistance to tenants displaced due to City code enforcement activities. This will stabilize the CERP's operation, and help ensure that eligible tenants receive relocation benefits in cases of property owner non-compliance, or when imminent building hazards require immediate vacation. Should City Council not take this action, the City would continue to have no reliable or established source of funding for providing relocation assistance to eligible tenants in the above-mentioned special circumstances. Such non-action could increase the number of instances where eligible households do not receive the relocation payments they are owed, and incur undue financial burden during the vulnerable period of temporary (or permanent) displacement.

Additionally, the requested action in this report is for City Council approval to create a vacant, blighted property board up, clean up revolving fund with \$150,000 in appropriated FY 2010-11 CDBG funds.

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

Community & Economic Development Committee

November 16, 2010

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the City Council approve the resolution authorizing the appropriation of \$150,000 in CDBG funds to be used to create a revolving fund to provide relocation assistance to eligible tenants under the Code Enforcement Relocation Program, first adopted by Ordinance No. 11552 C.M.S. in 1993, and amended by Ordinance No. 12086 C.M.S. in 1998; and Create a vacant blighted property board up, clean up revolving fund with \$150,000 in appropriated FY 2010-11 CDBG funds.

Respectfully submitted,



Walter S. Cohen, Director  
Community and Economic Development Agency

Reviewed by:

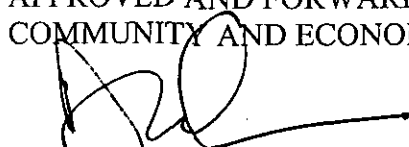
Michele Byrd, Deputy Director  
Housing and Community Development

Prepared by:

Christia Mulvey, Housing Development Coordinator  
Housing and Community Development

Dan Rinzler, Student Trainee  
Housing and Community Development

APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE



Office of the City Administrator

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

Community & Economic Development Committee  
November 16, 2010