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# AGENDA REPORT

**TO: DEANNA J. SANTANA  
CITY ADMINISTRATOR**

**FROM: Fred Blackwell  
Assistant City Administrator**

**SUBJECT: Supplemental Report on  
Newly Purchased Non-Owner  
Occupied Residential Buildings**

**DATE: September 18, 2012**

City Administrator  
Approval

Date

9/20/12

**COUNCIL DISTRICT: City-wide**

## RECOMMENDATION

Staff recommends that the City Council adopt the following legislation proposed by Councilmember Brooks:

**AN ORDINANCE AMENDING THE OAKLAND MUNICIPAL CODE TO ESTABLISH A NEW CHAPTER 8.58 REQUIRING THE REGISTRATION AND INSPECTION OF TRANSFERRED, IMPROVED RESIDENTIAL REAL PROPERTY OF ONE TO FOUR UNITS THAT IS NOT OCCUPIED BY THE NEW OWNER AND THE ABATEMENT OF HEALTH AND SAFETY VIOLATIONS AND AMENDING THE MASTER FEE SCHEDULE TO PROVIDE NEW FEES FOR THIS ORDINANCE**

## ANALYSIS

### *Changes to Proposed Ordinance*

Staff has worked with Councilmember Brooks since the September 11<sup>th</sup> Committee meeting to make the following changes to the proposed ordinance:

1. Property owners who own six (6) or more residential, non-owner occupied properties (irrespective of unit size) would not be subjected to the ordinance requirements. Properties owned by the property owner on the effective date of the ordinance would be included in determining the threshold requirement of 6 properties, but would not be subject to the other ordinance requirements.

Item: \_\_\_\_\_  
CED Committee  
September 25, 2012

sell quickly (flip) to buyers in as-is or similar condition often using unethical or illegal practices.” Urban Strategies Council, *Who Owns Your Neighborhood? The Role of Investors in Post-Foreclosure Oakland* (June 2012) at 26.

<sup>2</sup> “Milkers” are defined as developers who “buy properties in poor condition for very low prices and rent them out in as-is or similar condition with minimal maintenance, often to problem tenants.” *Id.*

owners must make improvements before they can sell the property. The annual registration fee for vacant buildings is \$1,000.<sup>5</sup>

- Minneapolis charges \$6,360 or more annually on each property that remains vacant (this fee is held in abeyance for 6 months if the property owner is rehabbing the property). It also charges a \$1,000 fee to pay for inspections when an owner-occupied home is converted to rental property.

In addition, its Truth in Sale of Housing Ordinance requires the seller of 1-2 family dwelling, town house or first-time condo conversion properties to provide a certified Disclosure Report and a Certificate of Approval to the buyer before a purchase agreement is signed and also requires that a code inspections certificate is available when the home is offered for sale.<sup>6</sup>

- Boston requires that property owners get newly rented units inspected prior to or within 45 days of rental and certified by the City's Housing Inspection Division. Compliance failure is punishable by fines of \$300 per month.<sup>7</sup>

b. **Elaboration on what's considered "substandard."**

There are specific threshold conditions listed in the State Housing Law and replicated in the City's Building Maintenance Code (OMC 15.08). Specifically OMC 15.08.340 establishes the standard for determining "substandard" and "public nuisance" properties.

c. **Information on how many foreclosed properties remain vacant after sale.**

In 2011, 740 properties registered in the City's vacant, foreclosed properties registration properties. In addition, based upon information available, there were 1,342 foreclosed properties filed and 896 foreclosed properties sold. Roughly speaking then, 446 of the foreclosed properties went unsold and could be vacant. However, the properties that were sold could also remain vacant if the new owners are waiting to sell or rent those properties.

The new requirements under the City's expanded foreclosed and defaulted properties registration program would provide us with better information as it requires a monthly vacancy/occupancy status report as well as information on the new owner upon sale of the property.

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<sup>5</sup> Id. At 35.

<sup>6</sup> Id. At 34.

<sup>7</sup> Id. At 24.

d. More thoughts on the question of duplicative inspections (private, then City).

The proposed ordinance has been changed to not require a property report conducted by a certified private inspector as part of the registration requirements.

For questions about this report, please contact Margareta Lin, Strategic Initiatives Manager, at 510-238-6314.

Respectfully submitted,



Fred Blackwell  
Assistant City Administrator

Reviewed by:  
Ray Derania, Building Official

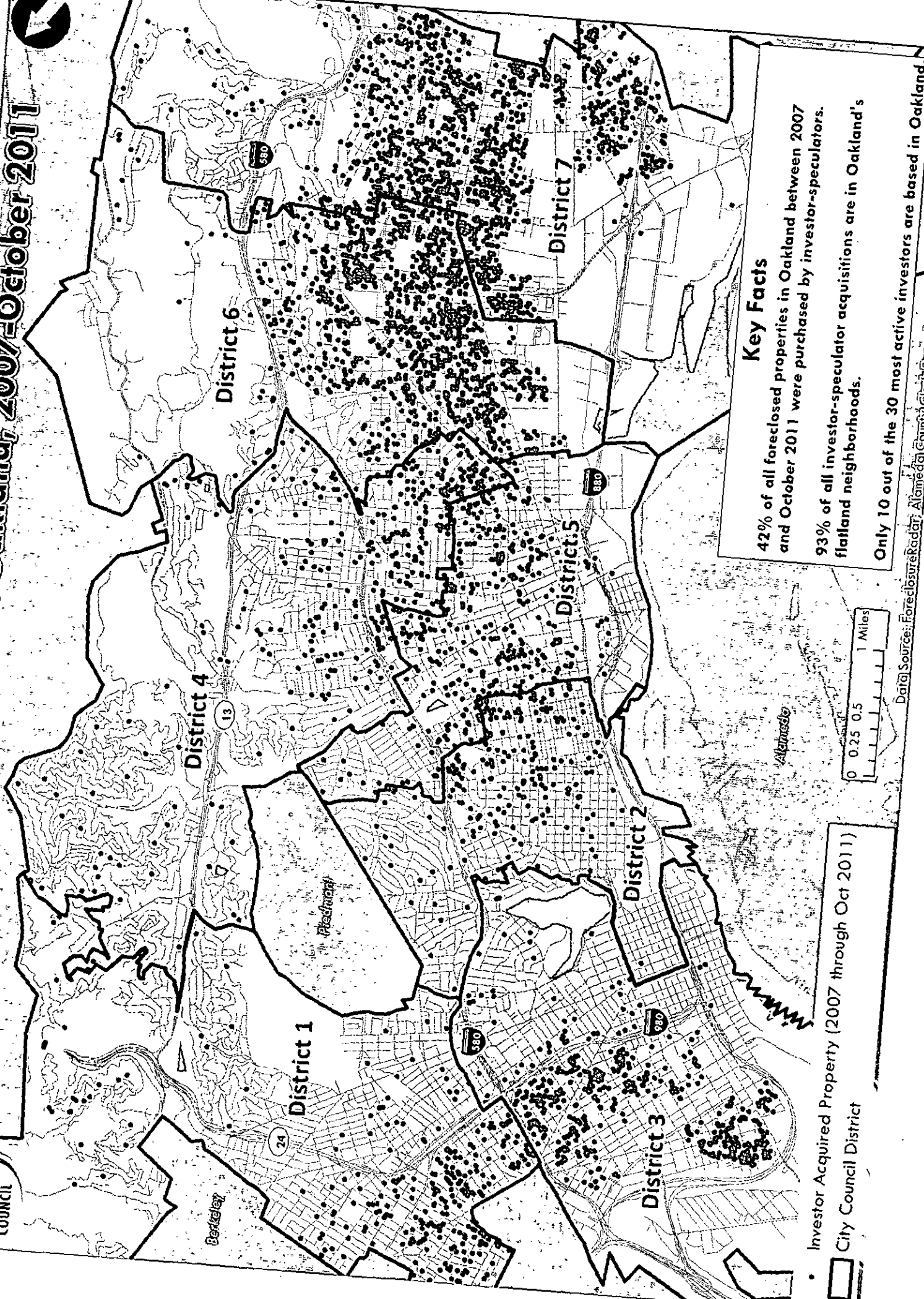
Prepared by:  
Margareta Lin, Strategic Initiatives Manager  
Department of Housing and Community Development &  
Department of Planning, Building, and Neighborhood  
Preservation

*Attachments*

*Attachment A: Oakland Impact Map*

# Investor Acquired Properties in Oakland, 2007-October 2011

URBAN STRATEGIES COUNCIL



- Investor Acquired Property (2007 through Oct 2011)
- City Council District