



CITY OF OAKLAND

AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Emily Weinstein
Director, Dept. of Housing
and Community
Development

SUBJECT: Code Compliance Relocation
Program Funding Resolution

DATE: November 5, 2024

City Administrator Approval


Jestin Johnson (Nov 15, 2024 09:05 PST)

Date: Nov 15, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt The Resolution Authorizing The Appropriation, Through June 30, 2034, Of Tenant Relocation Repayment Funds Collected By The City Of Oakland (City) Pursuant To The Code Compliance Relocation Program Ordinance

EXECUTIVE SUMMARY

The Code Compliance Relocation Program (Oakland Municipal Code Chapter 15.60) provides for property owner-paid relocation payments to tenants who are temporarily displaced due to lack of compliance with building, housing, and fire codes, when violations are severe enough to threaten life, health, or safety and when correcting the violations necessitates relocation.

The ordinance (15.60.080) provides for tenants eligible for Code Compliance Relocation Program (CCRP) benefit payments, the City of Oakland (City) may, at the discretion of the City Administrator or designee, make payments of behalf of property owners who are unwilling or unable to make the required payments.

When the City makes a payment on behalf of the property owner, the City invoices the property owner. If the payment is not received, the City may record a lien on the property with the County Recorder.

A Resolution is required to appropriate repayments collected by invoice or by satisfying the lien back to the CCRP to be used for expenses allowable by the Code Compliance Relocation Program.

CED Committee
December 10, 2024

BACKGROUND / LEGISLATIVE HISTORY

The Code Enforcement Relocation Program (CERP) (ordinance number 11552) was adopted in 1993 and subsequently codified in the Oakland Municipal Code as Chapter 15.60. The ordinance was adopted for the primary purpose of requiring “owner-paid relocation payments and assistance to residential tenants who are displaced due to City of Oakland code enforcement activities.” The ordinance also authorized the City to make relocation payments to tenants on behalf of owners unable or unwilling to make the required payments. The CERP was amended in 1998 to expand and revise eligibility criteria to, among other things, clarify that a City-issued order to vacate is not required to trigger eligibility, and tenants may be eligible for relocation assistance when vacation is either tenant- or owner-initiated.

In December 2010, the City Council passed Resolution 83075 C.M.S. which created a revolving loan fund to “cover such payments of relocation assistance” to “provide a more reliable funding stream and benefit impacted households.” The accompanying agenda report states, “The creation of a revolving loan fund provides for a continuing source for this program and from future liens placed on properties.”

In January 2017, the City Council passed an emergency ordinance to amend the CERP in response to the tragic “Ghost Ship” warehouse fire that occurred in December 2016. The 2017 ordinance renamed the CERP to the CCRP (from “Code *Enforcement* Relocation Program” to “Code *Compliance* Relocation Program”), revised the definition and eligibility sections to expressly include live-work and unpermitted units, added a supplementary payment for low-income households and households with minor children and/or elderly or disabled tenants, enhanced penalty provisions and remedies for violations, incorporated reference to and consistency with the Just Cause for Eviction Ordinance (JCO), among other amendments included in the emergency ordinance seeking to alleviate tenant displacement.

The CCRP ordinance is limited in scope and requires property owners to pay relocation payments when tenants are displaced when code violations are both severe enough to affect the health and safety of the tenants and the tenants must be relocated in order to correct the violations. A tenant shall be deemed to be displaced due to code compliance activities if such household either:

1. Receives a notice to vacate from the property owner who, after having obtained all necessary permits from the City of Oakland on or before the date upon which the notice to vacate is given, seeks in good faith to undertake substantial repairs that *cannot be completed while the unit is occupied*, and that are necessary either to bring the property into compliance with applicable codes and laws affecting health and safety of tenants of the building, or under an outstanding notice of code violation affecting the health and safety of tenants of the building;
2. Vacates its unit or room (whether or not the property owner requires vacation) after (a) the City or a court has issued a notice to vacate, notice to abate a life-threatening condition, or declaration of substandard covering that unit or room, and (b) the abatement period has expired without correction of the noncomplying condition (if a time period to abate the noncomplying condition is specified in such notice or declaration and the City or court does not order earlier vacation); or

3. Vacates its unit or room because the property owner seeks to cause the unit or room to be vacated due to the existence of conditions for which the City or a court could issue a notice to vacate, notice to abate life-threatening condition, or declaration of substandard covering that unit or room, but the City or a court has not yet done so.

There are several exemptions including, section 15.60.B.7, which states: The tenant household is required to vacate the unit or room due solely to damage resulting from an earthquake, fire, flood, natural disaster, civil disturbance, *or **accident outside the control of the property owner***, if (a) the vacation is required within six months of such event, and (b) the property owner can demonstrate that such damage was not caused by the acts or the negligence of the property owner or by a preexisting condition in the building in violation of applicable building, housing, fire, or other health and safety codes.

When the City determines a tenant is eligible for CCRP and all appeals have been exhausted, and the property owner is unwilling or unable to make the required payment, the City may make the payment *on behalf* of the property owner and seek reimbursement. In 2023, the City established the process to invoice property owners and collect payments. However, a Resolution is needed to appropriate these collected funds back to the Program.

This year to date, the City has paid relocation benefits to six households and has enforced 21 property owner payments. All six of these property owners have been invoiced for reimbursement.

ANALYSIS AND POLICY ALTERNATIVES

This proposed Resolution will align program delivery with fiscal policies and procedures; no policy alternatives were considered. Without this Resolution, reimbursement payments are not authorized to be used for Code Compliance Relocation Program (CCRP) program expenses, including future tenant relocation payments.

The CCRP receives annual funding from the federal U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) formula grant program. This source is used to pay relocation benefit payments to eligible tenants when the property owner is unwilling or unable to make required payments. Once the City issues the payment to the tenant, on behalf of the property owner, the City invoices the property owner and provides an opportunity to reimburse the City. If the property owner fails to do so, the City records a lien with Alameda County. Funds collected either through the invoice or lien process will be appropriated to CCRP (Fund 1870) and be available for future tenant relocation payments.

Based on historical program data, the authority provided by this Resolution would generate between \$60,000 and \$100,000 of revenue for CCRP. It is important to note that CCRP requires *property owners* to pay relocation benefits directly to tenants. The City pays relocation benefits on behalf of property owners only when tenants are eligible, and the property owner cannot or will not pay the required payment. Therefore, the amount collected each year will vary and will be less when property owners pay the relocation benefits to eligible tenants directly.

Adopting this Resolution will advance the City's Housing, Economic, and Cultural Security Priority by providing housing stability for tenants impacted by code compliance activities, improving housing quality, and allowing the City to serve more displaced tenants without relying solely on CDBG funding.

FISCAL IMPACT

The Oakland Municipal Code (OMC 15.60) authorizes the City to collect reimbursement for City-paid relocation payments. This proposed Resolution would authorize the appropriation of these funds to Affordable Housing Trust Fund (1870), CDBG Coordination Organization (89949), CodeComp from PropOwners Project (1007279).

The Code Compliance Relocation Program is funded entirely by the federal formula grant program CDBG. The federal grant allows for revolving funds to be set up for the purpose of carrying out the same types of activities. By appropriating these payments, the City will have more resources to pay future relocation payments to benefit more displaced tenants.

PUBLIC OUTREACH / INTEREST

No public outreach is required for this Resolution as this is an administrative action to align internal fiscal processes with the intent and existing authority provided by the ordinance.

The City distributes materials and makes presentations to community organizations to inform tenants about the Code Compliance Relocation Program (CCRP). The majority of code violations are concentrated in low-income communities. A 2021-2022 analysis of code violations by census tract shows that 100% of census tracts with very high levels of code violations are in low-income tracts. Thus, the City targets its outreach to the most impacted neighborhoods.

The primary source of referrals for CCRP is from Code Enforcement or Oakland Fire Department. When Code Enforcement inspectors receive a complaint from a tenant, they inspect the unit and if necessary, issue a Notice of Violation. Inspectors provide tenants with information about CCRP. Tenants contact the City through the Housing Assistance Center phone number (510-238-6182) or email (HousingAssistance@oaklandca.gov). In 2023, staff responded to 227 inquiries (the majority from tenants) seeking information about addressing habitability concerns. For 2024, there have been 151 inquiries to date. Many of these inquiries are from tenants who are not eligible for CCRP under 15.60.040, typically because the violations are not severe enough to warrant relocation. City staff inform these tenants about their rights under Oakland's housing laws and often refer tenants to the Rent Adjustment Program to file a Petition for Decreased Housing Services. Tenants are also frequently referred to a non-profit legal services provider such as Centro Legal de la Raza or Bay Area Legal Aid. More complicated cases are sometimes referred to the City's Neighborhood Law Corp.

COORDINATION

This report and Resolution were drafted in coordination with the Finance Department and the City Attorney's Office.

PAST PERFORMANCE, EVALUATION AND FOLLOW-UP

The Oakland Municipal Code (OMC 15.60) authorizes the City to collect reimbursement for City-paid relocation payments. This Resolution will now authorize the appropriation of these funds to further the intent of the Code Compliance Relocation Program (CCRP).

SUSTAINABLE OPPORTUNITIES

Economic: Adopting this Resolution increases the budget of the Code Compliance Relocation Program (CCRP) and allows the City to support a greater number of displaced tenants.

Environmental: Adopting this Resolution furthers the intent of the CCRP, which includes improving housing quality through the abatement of health and environmental hazards in residential buildings.

Race & Equity: Code violations disproportionately impact low-income and BIPOC tenants. Collecting reimbursement payments allows the City to support more of these tenants.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt The Resolution Authorizing The Appropriation, Through June 30, 2034, Of Tenant Relocation Repayment Funds Collected By The City Of Oakland (City) Pursuant To The Code Compliance Relocation Program Ordinance.

For questions regarding this report, please contact Kelly Hoffman, Project Manager, at 510-220-2134.

Respectfully submitted,

Emily Weinstein

Emily Weinstein (Nov 5, 2024 09:51 PST)

Emily Weinstein
Director, Department of Housing & Community
Development

Reviewed by:

Hugo Ramirez, Deputy Director, Department of
Housing & Community Development

Prepared by:

Kelly Hoffman, Project Manager
Community Development & Engagement