

**DAN KALB**

COUNCILMEMBER – DISTRICT ONE

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TO: Oakland City Council and Members of the Public
FROM: City Councilmember Dan Kalb
SUBJECT: Supplemental Report: Amendments to the Rent Adjustment and Just Cause for Eviction Ordinances
DATE: November 14, 2024

RECOMMENDATION

Adopt an ORDINANCE (1) AMENDING THE RENT ADJUSTMENT ORDINANCE TO (A) LIMIT BANKING OF CPI RENT INCREASES TO EXPIRE AFTER FOUR YEARS AND AFTER TRANSFER OF PROPERTY; (B) PROHIBIT RENT INCREASES FOR OWNERS DELINQUENT ON BUSINESS TAXES; (C) EXTEND TENANT PETITION DEADLINES FROM 90 DAYS TO 180 DAYS AND (2) AMENDING THE JUST CAUSE FOR EVICTION ORDINANCE TO PROHIBIT NO FAULT EVICTIONS FOR OWNERS DELINQUENT ON BUSINESS TAXES

EXECUTIVE SUMMARY

This report follows our previous report dated October 10, 2024. In this report, we summarize the ordinance as well as discussion of the item that occurred during the Community and Economic Development Committee on October 22, 2024. This ordinance modifies the number of years a property owner may bank from 10 years to 4 years and limits the transfer of banked rent to spouses and children or stepchildren only. Amendments considered by CED committee include increasing the limit on banking from the proposed 4 years to 5 or 6 years as well as allowing the transfer of banked rent when properties are sold to siblings. In order to increase compliance with property owner payment of the business tax and increase tenant security, this ordinance prohibits no-fault evictions and rent increases of any kind if the owner is delinquent on this tax. Committee members considered allowing slightly more time for delinquent property owners to implement rent increases (April 15 to April 30). There were no amendments proposed to the tenant petition deadline of 180 days.

INTRODUCTION

In this ordinance we propose amendments to its **Rent Adjustment** and **Just Cause for Eviction Ordinances** to modify the rules for banking of rent increases and to delay rent increases if rental property owners are delinquent in paying their business license taxes. Recently, The City of Oakland's Finance Department has found that around one-third of those delinquent on

business taxes are rental property owners.¹ These amendments aim to address key concerns in Oakland’s rental market: economic stability for long-term tenants, incentives for timely tax compliance by property owners, and a structured approach to rental adjustments that prevent sudden, large rent hikes.

The proposed changes were designed with the interests of both tenants and property owners in-mind. For tenants, the ordinance aims to prevent unaffordable rent increases and protect housing security, particularly for low-income and elderly residents who may be most affected by rapid rent hikes. For property owners, the amendments offer flexibility through a phased implementation of rent banking limits and introduce a payment plan protocol to support those experiencing financial hardship. Through these amendments, Oakland aims to create a fairer, more sustainable rental environment that meets the needs of both tenants and property owners, helping to foster long-term community stability. It is also a goal to further encourage payment of business license taxes to the City of Oakland—particularly given the challenging budget situation we have facing.

ANALYSIS AND POLICY ALTERNATIVES

The proposed provisions as well as potential modifications to be discussed in CED Committee are outlined below.

Ordinance Provision	Summary of Proposed Provisions	Possible Amendments
Limit on Rent Banking	1. Reduces CPI rent increase banking from 10 years to 4 years, preventing large, sudden rent hikes for tenants. 2. Expiration of banked rent increases upon change in ownership; However, you don't lose banked increases if the transfer of the property is to a child or spouse.	Change the rent increase banking limit to 5 or 6 years instead of 4 years. ² Expand the transfer of banked increases to include transfer of property to siblings.
	Prohibits property owners who are delinquent (April 15 th deadline) on	Change the cutoff date to April 30 ³

¹ This figure is fluid. The number of delinquent accounts changes as payments trickle in past the deadline. By the time the Notice of Intent to Lien is sent out, the percent of delinquent property owners reduces to around ¼ of the total

² Could choose to direct the Rent Adjustment Board to study rent banking and come back to committee with a recommendation, although this delays policy benefits, hurting renters

³ Could prohibit banked increases, but still allow the annual CPI-related increase, although this weakly accomplishes our policy goal

Prohibition of Rent Increases due to Delinquent Taxes	business taxes from implementing rent increases until taxes are paid.	
No-Fault Eviction Restrictions	Prohibits no-fault evictions (e.g., owner move-ins) for property owners who are delinquent on business taxes, ensuring compliance before eviction can occur.	Delay implementation until December, 2025 ⁴
Extended Tenant Petition Deadline	Increases the timeframe for tenants to file petitions against unlawful rent increases from 90 days to 180 days, providing tenants more time to seek assistance.	Extend the petition deadline to one year or more to be more consistent with other jurisdictions.
Phased Implementation for Rent Banking Changes	Allows property owners a one-year transition period to use some of their banked rent increases before the new 4-year limit fully takes effect in 2026.	N/A
Payment Plan Protocol for Tax Delinquency	Ensures that payment plans for property owners in financial hardship are available, supporting timely tax compliance without late fees.	N/A

As mentioned in our previous report, laws around banking in the Bay Area vary. Some cities limit banking severely (like Alameda), some do not allow banking at all (Concord) and some in effect allow banking back to the emergence of rent control (San Francisco). In Oakland, we know from speaking with groups that work with renters that unlawful rent increases as well as year over year maximum increases, are common issues leading to tenant instability. This legislation as currently written helps to address these issues by limiting banking, limiting evictions when landlords are delinquent on business taxes, and providing a more reasonable amount of time for tenants to bring petitions.

CONCLUSION

This legislation is designed to strike a balance between protecting tenants and ensuring fair practices for property owners in the City of Oakland. By implementing key amendments such as reducing the rent banking period from 10 years to 4 years, extending the tenant petition deadline to 180 days, and prohibiting rent increases and no-fault evictions for rental property owners delinquent on local business taxes, we aim to enhance housing stability for vulnerable

⁴ Not advisable due to elevated levels of evictions in Oakland

tenants while also encouraging compliance among landlords. The introduction of a payment plan protocol for property owners facing financial hardship further demonstrates our commitment to equitable solutions.

In drafting this legislation, our office engaged extensively with both tenants' rights groups and property owner organizations to ensure that diverse perspectives were considered (for a full list of organizations, please refer to the previous staff report). We also collaborated closely with the Oakland City Attorney's Office to create a well-rounded policy that addresses the needs of our community.

For questions, please contact Keara O'Doherty, Chief of Staff to Dan Kalb, (510) 238-7014, kodoherty@oaklandca.gov.

Best,

A handwritten signature in blue ink that reads "Dan Kalb". The signature is fluid and cursive, with the first name "Dan" and last name "Kalb" clearly legible.

Dan Kalb
City Councilmember, District 1