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OFFICE OF THE CITY CLERK  
OAKLAND

2018 MAY 11 AM 10:16

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Katano Kasaine  
Director of Finance

**SUBJECT:** Special Tax on Vacant Properties to  
Fund Affordable Housing and Support  
Programs for Homeless People

**DATE:** May 2, 2018

City Administrator Approval

Date:

5/11/18

## RECOMMENDATION

**Staff Recommends That The City Council Consider Adoption Of A Resolution On The City Council's Own Motion Submitting To The Voters At The Statewide General Election On November 6, 2018, A Proposed Ordinance To Adopt A Special Parcel Tax On Vacant Properties To Fund Solutions For Homelessness, Illegal Dumping Remediation, And Related Programs; And Directing The City Clerk To Take Any And All Actions Necessary Under Law To Prepare For And Conduct The November 6, 2018 Statewide General Election.**

## EXECUTIVE SUMMARY

The purpose of this report is to provide the City Council with a high-level analysis, including the implementation and the administration, of the proposed special tax introduced by Councilmembers Kaplan, Kalb and Guillen.

## BACKGROUND / LEGISLATIVE HISTORY

On April 24, 2018, staff requested continuation of the agendized item, known as the Proposed Ballot Measure to Tax Vacant Properties, placed on the Finance and Management and Community and Economic Development Committee meetings. The request was made to allow additional time for staff to analyze certain proposed tax policies and to create a framework for the implementation and the administration of the special tax should the voters approve the ballot measure allowing the City to impose no sooner than the ad valorem property tax bill for Fiscal Year (FY) 2020-21 for parcels that were vacant in calendar year 2019.

## ANALYSIS AND POLICY ALTERNATIVES

On Thursday May 3, 2018, staff was provided an updated version of the proposed ordinance. The analysis is based upon this most recent version.

Item \_\_\_\_\_  
F&MC and CED Committee  
May 22, 2018

*Tax Rates:*

The current proposed tax rates, as outlined in Section 4.56.30.E of the May 3, 2018 version, are as follow:

<b>Property Type</b>	<b>Annual Tax Rate</b>
Parcel of Land, whether undeveloped, residential or non-residential	\$6,000 per parcel
A condominium or townhouse unit under separate ownership	\$3,000 per vacant residential unit

*Vacancy:*

A property would be considered vacant and subject to the tax under the following circumstances:

- A parcel of land, whether undeveloped, residential, or non-residential, which is in use less than fifty (50) days during a calendar year.
- A condominium or townhouse unit under separate ownership, which is in use less than fifty (50) days during a calendar year.
- For multi-unit parcels, (other than condominium or townhouse unit under separate ownership) the parcel is not vacant if any unit on it is not vacant.

*Tax Exemptions:*

The latest version of the proposed ballot measure specifies 13 different types of exemptions, including two provisions that would enable additional exemptions for the special tax, either by the procedures and guidelines enacted by the administration or by an ordinance adopted by the City Council.

Staff researched a similar program in Vancouver British Columbia and found that seven months following its Empty Homes Tax that became effective in January 2017, the City of Vancouver, British Columbia, Canada, received over 5,000 interactions<sup>1</sup> with its property owners, 21 percent of which involved requests for exemptions. Requests such as property owners receiving approved building permits but delaying or failing to carry out the actual work due to a variety of reasons, landowner leasing the right to develop properties to another party, contiguous property/parcel, second homes, etc. are examples of the type of exemption requests prevalent in Vancouver that staff will need to devote time and efforts to promulgate rules and regulations to resolve in Oakland should this be adopted.

However, rules and regulations can only be rendered if the requests are not considered subjective or speculative. The proposed exemptions outlined under subsections b, c, and d of Section 4.56.030.l of the proposed ordinance contain phrases, such as "financial hardship due to specific factual circumstances," "demonstrable hardship that is not financial," and "exceptional specific circumstances" could be considered subjective if not clearly defined or speculative as in the duration of the hardship or the circumstances that one may or may not consider as hardship.

In summary, the exemption provisions need to be narrow and/or clearly defined to allow for the

<sup>1</sup> <http://council.vancouver.ca/20170628/documents/pspc6.pdf>

tax to be administered fairly and consistency.

*Timeline for Implementation of the Special Tax:*

Staff is concerned with the aggressive timetable required for the implementation of the tax and appreciates that the authors amended the language to read, "The special tax shall first be imposed no sooner than the ad valorem property tax bill for FY 2020-21 for parcels that were vacant in calendar year 2019." However, Staff is requesting a year to implement the first assessment of the tax, effectively delaying implementation of the tax until calendar 2020.

The two biggest areas of concern regarding the timeline for implementation are:

- *Staffing capacity:* There are approximately 112,025 real property parcels in the City. Initially staff will be able to remove approximately 28,322 parcels that are registered as either residential or commercial rental properties, another approximately 53,726 residential property owners who claim the homeowner's exemption and approximately 3,781 which are government or exempt from property taxes, leaving a total number of 26,196 that will require noticing.

To ensure real property parcel owners are fully informed of the new tax law and the potential tax being assessed if the property/parcel becomes vacant for an aggregate 50 days or more in the year, notice will need to be sent to all property/parcel owners within the first 50 days following the date the special tax becomes effective. Although the notice will have sufficient information, including FAQs, timeline, requirements, etc., to inform the property owners and that owners will not need to respond, the notice will inevitably generate inquiries, either by calling, emailing or visiting the City offices, by those who received the notices. Staggering the mailing of notices will help minimize the surge in property owners seeking assistance.

- *Information technology infrastructure:* A web/public portal connected to the Revenue Management Bureau's existing software will need to be developed to allow the property/parcel owners to self-declare the status of the property each year, file or apply for an exemption on-line, and upload required supporting documentation, and for the Finance Department to carry out the administrative and financial work related to the tax program. The development of such portal, along with configuring and testing, will take at least 12-18 months to complete and deploy.

In addition to the biggest areas of concern, staff anticipates a number of activities that need to occur during the early months of 2019, including creating forms and notices, coordinating with the mailing vendors, the County of Alameda, setting up phone line, holding informational outreach sessions, and staffing for the administration of the tax program, etc.

Based on the foregoing, staff recommends that the City Council could approve the proposed ballot measure to seek voters' approval on the November 6, 2018 Statewide General Election, but set calendar 2020 as the first year in which the tax on vacant or not "in use" property/parcel shall take effect. The tax would then be imposed on the ad valorem property tax bill for FY 2021-22 for the parcels that become vacant or not "in use" in calendar year 2020. The proposed delay of the effective date will not only allow City staff to prepare for the implementation and management of the tax but also give property/parcel owners time to plan for the use of their properties/parcels prior to potentially being taxed for leaving them vacant or not

being "in use."

*Administration of the Special Tax*

Based upon the experience in Vancouver, British Columbia, if the City notices 26,196 property owners and 21% apply for exemptions this would result in City staff processing 5,500 requests for exemptions annually. However, based upon the non-compliant rental project performed in 2015, staff is aware that there may be a large number of homeowners who reside in their property but do not claim the homeowner's exemption. Thus, it is anticipated that the volume of exemption request could be significantly higher than what was experienced by the City of Vancouver, British Columbia. For the ongoing administration of the special tax, staffing capacity will need to be identified and funded in order to carry out the tasks and responsibilities, which are preliminary identified as follows:

- *Policy Coordination, Implementation and Sustainment:* This is a high-level oversight on the part of the Revenue and Tax Administrator. The day-to-day management of the tax program, staff, and workload.
- *Customer Service:* The volume of inquiries via phone calls and emails are expected to be high during implementation and recede as property owners adapt to the new tax. Some existing resources can be used to support the initial implementation. However, at least two Revenue Assistants will be needed to maintain the program.
- *Enforcement, Audit, and Investigation:* At least one Tax Auditor II will be needed to ensure the tax is being carried out and enforced regularly and consistently, including the coordination of placing the assessments on the tax roll.

Staff estimates that the minimum number of positions needed to carry out the tasks and responsibility identified above is 3 FTE, for a total recurring annual cost of about \$452,000 including fringe, overhead, and O&M.

**FISCAL IMPACT**

*Estimated Revenue*

It is difficult to estimate the amount of revenue that could be generated because there are many unknown factors, such as the number of parcels that could ultimately be exempted, the number of taxable residential and nonresidential parcels, excluding vacant parcels, as in bare land. Focusing solely on the 4,403 vacant parcels in Oakland according to data received from Alameda County, and assuming many will qualify for exemptions, staff estimates that the annual revenue could be in the range of \$6 to \$10.5 million.

Vacant Parcels: 4,400			
	25%	30%	40%
Number of Taxable Parcels	1,100	1,320	1,760
Estimated Revenue	\$ 6,600,000	\$ 7,920,000	\$ 10,560,000

*Estimated One-Time and Recurring Costs*

For the one-time cost associated with the *Implementation of the Special Tax*, including costs for the development of a web/public portal and ancillary costs, such as for the document production and mailing services, staff estimates that the minimum cost is about \$100,000. For the recurring costs associated with the on-going *Administration of the Special Tax*, staff estimates that the minimum number of positions needed to carry out the tasks and responsibility identified above is 3 FTE for a total recurring annual cost of about \$452,000, including fringe, overhead costs, and O&M.

Start-up, staffing, and ancillary costs will need to be included in the adjusted FY 2018-19 and added to the Bi-Annual Budget if the ballot measures passes, and funded from the Vacant Parcel Tax Fund.

**PUBLIC OUTREACH / INTEREST**

Public outreach for this report was not deemed necessary beyond the standard posting of the Council Agenda.

**COORDINATION**

Preparation of this report has been coordinated with the Office of City Attorney.

**SUSTAINABLE OPPORTUNITIES**

**Economic:** Vacant properties, either by choice of or neglected by their owners, leave the City to prevent them from becoming crime magnets, fire hazards or illegal dumping grounds. The special tax provides a dedicated source of revenue to be used for housing and other homeless programs and services with minimal impact to the General Purpose Fund.

**Environmental:** The special tax will help maintain neighborhoods free from vacant and abandoned properties that could becoming public nuisances that affect health and the environment.

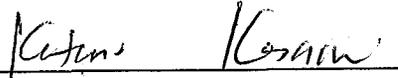
**Social Equity:** Vacant properties depress value across an entire neighborhood and generate little or no tax revenues themselves. The special tax offers a source of funding to help with the cleanup and therefore increases the property values.

**ACTION REQUESTED OF THE CITY COUNCIL**

Consider adoption of a resolution on the City Council's own motion submitting to the voters at the statewide general election on November 6, 2018, a proposed ordinance to adopt a special parcel tax on vacant properties to fund solutions for homelessness, illegal dumping remediation, and related programs; and directing the City Clerk to take any and all actions necessary under law to prepare for and conduct the November 6, 2018 statewide general election.

For questions regarding this report, please contact Margaret O'Brien, Revenue & Tax Administrator, (510) 238-7480.

Respectfully submitted,



Katano Kasaine  
Director of Finance  
Finance Department

Prepared by:  
Margaret O'Brien  
Revenue and Tax Administrator  
Revenue Management Bureau

18 MAY 10 PM 2:42

APPROVED AS TO FORM AND LEGALITY

INTRODUCED BY COUNCILMEMBER KAPLAN, KALB AND GUILLEN

REVISED DRAFT

CITY ATTORNEY

## OAKLAND CITY COUNCIL

### RESOLUTION NO.C.M.S.

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**A RESOLUTION ON THE CITY COUNCIL'S OWN MOTION SUBMITTING TO THE VOTERS AT THE STATEWIDE GENERAL ELECTION ON NOVEMBER 6, 2018, A PROPOSED ORDINANCE TO ADOPT A SPECIAL PARCEL TAX ON VACANT PROPERTIES TO FUND SOLUTIONS FOR HOMELESSNESS, ILLEGAL DUMPING REMEDIATION, AND RELATED PROGRAMS; AND DIRECTING THE CITY CLERK TO TAKE ANY AND ALL ACTIONS NECESSARY UNDER LAW TO PREPARE FOR AND CONDUCT THE NOVEMBER 6, 2018 STATEWIDE GENERAL ELECTION.**

**WHEREAS**, Oakland is suffering from a serious housing crisis as housing costs in the City increase drastically, making housing at all levels of affordability and particularly affordable housing scarce and unavailable for many Oakland residents; and

**WHEREAS**, the lack of sufficient housing generally and affordable housing in particular in Oakland is contributing to a large and growing crisis of homelessness, which is increasing human suffering throughout the community, creating public health risks, and negatively affecting economic activity, which deprives residents of income and opportunity. The housing crisis is also causing displacement of long-term Oakland residents, diminishing the richness of the community that contributes to making the City a desirable place to live; and

**WHEREAS**, Oakland is also experiencing significant vacancy of property, including residential and commercial land and buildings left unused for long periods of time; and

**WHEREAS**, there are a number of properties in the City that are being kept vacant, undeveloped, and unoccupied by any legal use; and

**WHEREAS**, properties that are vacant or undeveloped deprive the community of the economic opportunity and housing that could be provided if those properties were put into use, reducing the supply of units available to house people and businesses, thus making it more difficult for people to find space to live or operate businesses within the City; and

**WHEREAS**, properties that are vacant also deprive the City of the revenue needed to provide public services, by reducing the tax revenue that is generated when properties provide space for active uses or are developed for housing or businesses; and

**WHEREAS**, when properties are kept in a vacant state they have negative impacts on the community, including encouraging blight, crime, and illegal dumping; and

**WHEREAS**, properties that are vacant contribute to a negative and unpleasant atmosphere, deterring economic and community activity from locating in the area; and

**WHEREAS**, traditional funding sources have not kept up with the rising homeless crisis, resulting in increasing numbers of people living in problematic conditions on sidewalks and beneath underpasses; and

**WHEREAS**, in order to help remedy homelessness and the affordable housing crisis, it is important both to reduce the number of properties that are kept vacant or undeveloped, and to provide a funding source for homeless and affordable housing solutions; and

**WHEREAS**, the City Council desires to submit to the qualified electors of the City a proposed ordinance to adopt a special parcel tax on vacant properties to support affordable housing and services for homeless people; and

**WHEREAS**, such a special tax will also discourage property owners from keeping properties vacant; and

**WHEREAS**, the proposed tax will have a hardship exemption process, so that people with financial difficulty or other valid reason the property had to be vacant can have the tax waived, and non-profits are exempt; and

**WHEREAS**, the special tax imposed by the proposed ordinance is authorized by Article XIII A of the California Constitution and section 50075 of the California Government Code; and now therefore be it

**RESOLVED**, that the Oakland City Council finds and determines the forgoing recitals are true and correct and hereby adopts and incorporates them into this Resolution; and be it

**FURTHER RESOLVED**, that the Oakland City Council does hereby call for a municipal election and submit to the voters, at the November 6, 2018, Statewide General Election, an Ordinance that reads as follows:

Be it ordained by the People of the City of Oakland:

**Section 1. Title.**

This Ordinance may be referred to as the "Oakland Vacant Property Tax Act."

**Section 2. Purpose.**

The taxes imposed under this Ordinance are solely for the purpose of raising revenue necessary to support and fund services for homeless people and affordable housing, and related programs, described below. Because the proceeds of the parcel tax will be deposited into a special fund restricted for the services and programs specified in this Ordinance, the tax is a special tax.

**Section 3. Code Amendment.**

A new Chapter is hereby added to the Oakland Municipal Code to read as follows:

**Chapter 4.56 Vacant Property Tax**

- Section 4.56.010 Definitions**
- Section 4.56.020 Determination of Vacancy**
- Section 4.56.030 Imposition of Parcel Tax on Vacant Property**
- Section 4.56.040 Vacant Property Tax Fund**
- Section 4.56.050 Use of Vacant Property Tax Act Revenue**
- Section 4.56.060 Commission on Homelessness**
- Section 4.56.070 Accountability**

**Section 4.56.010. Definitions**

"City" means the City of Oakland.

"Commission" means the Commission on Homelessness authorized by this Ordinance.

"County" means Alameda County.

"Heavily Impacted Neighborhoods" means the geographic area defined by the boundaries of 2010 Census Tracts 4007, 4008, 4009, 4010, 4014, 4015, 4016, 4017, 4018, 4022, 4024, 4025, 4026, 4027, 4030, 4033, 4057, 4053.02, 4054.01, 4054.02, 4055, 4056, 4058, 4059.01, 4059.02, 4060, 4061, 4062.01, 4062.02, 4063, 4064, 4065, 4071.01, 4071.02, 4072, 4073, 4074, 4075, 4076, 4077, 4085, 4086, 4087, 4088, 4089, 4090, 4091, 4092, 4093, 4094, 4095, 4096, 4097, 4102, 4103, 4104, and 4105. See Map (Attachment A) below.

"Mixed use parcel" means a parcel that is improved with both: i) at least one residential unit, and ii) uses other than a residential unit.

"Multifamily residential parcel" means all parcels that are improved with more than one residential unit.

"Owner" means the owner or owners of the real property located within the City of Oakland.

"Nonresidential parcel" means all parcels that are improved with uses other than residential units.

"Parcel" shall mean a unit of real property in the City of Oakland as shown on the most current official assessment role of the Alameda County Assessor.

"Residential parcel" means all parcels that are improved with one or more residential units.

"Residential unit" means a building or structure, or portion thereof, designed for or occupied exclusively by one household, including unrelated persons who live together and maintain a common household.

"Single-family residential parcel" means all parcels which are improved with only one residential unit.

"Tax" means the special tax authorized by this Ordinance.

"Undeveloped parcel" means all parcels, regardless of zoning or other land use designation, upon which no permanent improvements have been constructed or placed.

"Use" means the performance of a function or operation.

**Section 4.56.020. Determination of Vacancy**

A. For the purposes of this ordinance, a parcel of real property shall be deemed "vacant" and subject to the tax imposed by Section 4.56.030 below if the parcel is any of the following:

1. A parcel of land, whether undeveloped, residential, or non-residential, that is in use less than fifty (50) days during a calendar year.
2. A condominium, duplex, or townhouse unit under separate ownership that is in use less than fifty (50) days during a calendar year.

B. The City Council shall establish, by ordinance, a method for determining and identifying the use and vacancy status of each parcel of real property in the City.

**Section 4.56.030.**

**Imposition of Parcel Tax on Vacant Property**

A. A special tax in the amounts set forth below is hereby imposed on every vacant parcel of real property within the City, other than those exempted, as described below.

B. The tax constitutes a debt owed by the Owner of each parcel to the City.

C. Unless the City Council selects another method for collection of the tax, the County shall levy and collect the tax on each parcel of real property in the City for which the Owner receives a separate ad valorem property tax bill, at the same time and manner, and subject to the same penalties and procedures as ad valorem property taxes collected by the County except as otherwise set forth in this Ordinance.

D. If the City Council selects collection of the tax by the County, the tax shall be imposed on the ad valorem property tax bill for the fiscal year that begins July 1 following the end of the calendar year in which the parcel was vacant. The special tax shall first be imposed no sooner than the ad valorem property tax bill for fiscal year 2020-2021 for parcels that were vacant in the previous calendar year.

E. Tax Rates.

1. The maximum tax rates for each property type shall be as set forth in the table below. The City Council may lower, but not increase, the rates, and may by Ordinance adopt further categories of exemption. The City shall be responsible for assigning a tax rate for each parcel.

<b>PROPERTY TYPE</b>	<b>ANNUAL TAX RATE</b>
Residential	\$6,000 per parcel
Condominium, duplex, or townhouse unit under separate ownership	\$3,000 per vacant residential unit
Nonresidential	\$6,000 per parcel
Undeveloped	\$6,000 per parcel

2. For parcels with multiple units, whether residential or non-residential, the parcel is not vacant if any unit on it is not vacant. A condominium, duplex, or townhouse unit under separate ownership is treated as a separate parcel for the purposes of this Chapter, and if it is vacant, its subject to the tax regardless of the status of any other unit on the same lot or that is part of the same development.

F. Real property otherwise wholly exempt from ad valorem tax by state law shall also be exempted from the tax imposed by this Ordinance.

## G. Adjustment in Tax Rate

The City Council may, by resolution, establish an annual tax rate less than the maximum amount then authorized. Following any such decrease in the annual tax rate, the City Council may, by resolution, increase the annual tax rate to the maximum rate then permitted, or to any other amount less than the maximum rate then permitted, without obtaining voter approval.

H. For parcels divided by Tax Rate Area lines, the payment for the portion of the parcel within Alameda County shall be calculated at the same rates as set forth above. For properties wholly within Alameda County and divided by Tax Rate Area lines into multiple parcels, the property shall be taxed as a single parcel at the rates set forth above.

## I. Exemptions

1. The following shall be exempt from the tax imposed by this Ordinance:

a. An Owner who qualifies as very low-income, as the term "very low income" is defined by the United States Department of Housing and Urban Development.

b. An Owner for whom the payment of the tax imposed by this Ordinance would be a financial hardship due to specific factual circumstances.

c. An Owner whose property is vacant as a result of a demonstrable hardship that is not financial.

d. An Owner who can demonstrate that exceptional specific circumstances prevent the use or development of the property. By way of example only and without limiting the generality of the foregoing, exceptional specific circumstances that prevent the use or development of property include property damage by a recent natural disaster, an undeveloped parcel adjoining a developed residential parcel and used by the occupants as part of the yard, and property with physical conditions that prevent development. The details of this exemption shall be further defined by separate ordinance of the City Council.

e. An Owner of a property that is under active construction.

f. An Owner of property for which an active building permit application is being processed by the City.

g. An Owner (1) who is 65 years of age or older and (2) who qualifies as "low income," as the term "low income" is defined by the United States Department of Housing and Urban Development.

h. An Owner who receives Supplemental Security Income for a disability, regardless of age.

i. An Owner who Receives Social Security Disability Insurance benefits, regardless of age, whose yearly income does not exceed 250 percent of the 2012 federal poverty guidelines issued by the United States Department of Health and Human Services.

j. An Owner that is a non-profit organization or entity owned or controlled by a non-profit organization.

k. An Owner of a parcel on which projects have submitted a substantially complete application for planning approvals but have not yet received approval.

l. Projects with entitlement approvals needing time for completion may apply for and receive an administrative two-year exemption.

m. An Owner that is a government agency.

2. The City Administrator's Designee, (which if not otherwise designated shall be the Finance Director), shall establish the procedures and guidelines for owners to apply for, and grant, the exemptions identified in this section. Owners who claim an exemption may be required to submit information annually to substantiate their continuing qualification for the exemption.

3. The City Council may, by ordinance, establish such other exemptions to the tax imposed by this Ordinance and the authorized methods of collection of the tax, as it determines to be appropriate.

**Section 4.56.040.**                    **Vacant Property Tax Fund**

The "Vacant Property Tax Fund" ("Fund") is hereby created as a special revenue fund. Proceeds from the Oakland Vacant Property Tax Act, including penalties and interest earned on such proceeds, shall be deposited into the Fund and used only for the purposes listed in Section 4.56.050.

**Section 4.56.050.**                    **Use of Vacant Property Tax Act Revenue**

Monies deposited in the Vacant Property Tax Fund shall be used solely for those purposes identified in this Section.

A. Tax funds may be used to provide services and programs to homeless people, to reduce homelessness, and to support the protection of existing and production of new housing affordable to lower income households as defined in California Health and Safety Code Section 50079.5 at an affordable housing cost or affordable rent as defined

in Health and Safety Code Sections 50052.5 and 50053. Examples of such uses include, but are not limited to:

1. Job training, apprenticeship, pre-apprenticeship, drug treatment, and job readiness assistance programs for homeless people or those at risk of becoming homeless;
2. Assistance connecting homeless people or those at risk of becoming homeless with available services and resources, including assistance applying for housing or public benefit programs;
3. Housing assistance, including the provision of temporary housing or move-in expenses, such as first-month's rent and a security deposit, and emergency rental assistance;
4. Sanitation, bathroom, and cleaning services related to homeless encampments, and programs to supplement remedying and deterring blight and illegal dumping throughout the City;
5. Incentive programs to encourage property owners to make space available for low-income housing, including making funds available for physical improvements to enable a unit to be used for a voucher-based housing program;
6. Relocation assistance funding for low-income households facing displacement;
7. Financial assistance for the design, development, construction or operation of affordable housing units, including housing alternatives such as, without limitation, shipping container homes, accessory dwelling units and small homes.
8. Accessibility support to provide or maintain housing, and make needed improvements for accessibility, for seniors and persons with disabilities; and
9. Displacement prevention, tenant education and assistance, emergency rent assistance; and
10. Navigation centers to provide space for people to stay, along with on-site support services for the homeless. Funding may be used for both capital and operating costs related to navigation centers; and
11. Code enforcement and cleanup of blighted vacant properties.

B. Monies in the Vacant Property Tax Fund may be used to pay the costs of audits of the use of monies in the Fund.

C. Monies in the Vacant Property Tax Fund may be used to pay for the City's costs of the election required to obtain voter approval of the tax authorized by this Ordinance.

D. Monies in the Vacant Property Tax Fund may be used to pay for the costs of administering the special tax, regardless of how or by what entity those administrative services are provided. No more than fifteen percent (15%) of the revenue deposited into the Vacant Parcel Tax Fund in any single year may be used to pay for such administrative costs. Notwithstanding the foregoing, the City shall be reimbursed for its actual costs of establishing the program for collecting the tax, which costs shall be confirmed by the City Auditor. Administrative costs include, but are not limited to:

1. The costs to the City of determining and identifying the use and vacancy status of every parcel in the City;

2. The costs to the City associated with monitoring and enforcing compliance with this Ordinance. Authorized costs include, but are not limited to, any expenses, including attorneys' fees, associated with any proceedings needed to enforce the requirements of this Ordinance;

3. The costs to the City associated with developing ordinances and regulations to implement this Ordinance;

4. The costs to the City associated with the operations of the oversight committee established by Section 4.56.060 of this Ordinance; and

5. Reimbursement to the County for the costs it incurs in collecting the tax.

E. If this Ordinance or the use of tax funds is legally challenged, tax funds may be used to reimburse the City for its costs of legal defense, including attorneys' fees and other expenses.

**Section 4.56.060.**

**Commission on Homelessness**

There is hereby established a Commission on Homelessness (the "Commission").

A. The Commission shall advise the City Council regarding services and programs for homeless people, reduction of homelessness, and supporting the provision of affordable housing to households qualifying as at least low-income households, including programs and services authorized in Section 4.56.050(A).

B. The Commission shall consist of nine (9) members who are all residents of the City. No less than half of the members must be residents of Heavily Impacted Neighborhoods. No less than three members must be currently homeless, formerly homeless or low-income, as the term "low income" is defined by the United States Department of Housing and Urban Development. No less than three members who have professional expertise in, or are

providers of, homeless services or housing. No less than one representative who has financial expertise. Members may fulfill more than one of these criteria for the purposes of meeting these requirements. City Councilmembers shall make recommendations for members to the Mayor. Members of the Commission shall be appointed by the Mayor and confirmed by the City Council in accordance with City Charter section 601.

C. Members shall serve three (3) year terms. No member shall serve more than two (2) consecutive three (3) year terms. The initial two (3) year term for each of the initial members shall commence as of the date that six (6) members have been appointed, which is when the Commission may begin its work. A quorum of the Commission shall be five (5) members. Absence from three (3) consecutive regular meetings, or four (4) regular meetings during a single fiscal year, shall constitute resignation from the Commission

D. Members of the Commission shall serve without pay.

E. The City Administrator or designee shall provide clerical assistance and administrative support and technical assistance to the Commission.

F. The Commission shall meet at least four (4) times per fiscal year.

G. The Commission shall publish an annual report regarding how and to what extent the City Council and Mayor have implemented this Ordinance. Additionally, the Commission may publish reports regarding the following: 1) recommendations on how to allocate the tax funds in accordance with the requirements of this Ordinance; 2) information, if available, concerning the impact of this Ordinance on homelessness and illegal dumping in the City; and 3) any additional information that the Commission deems appropriate. The City Council may assign other duties to the Commission as provided for by Ordinance.

H. Within 15 days of receipt of a Commission report, the City Administrator or designee shall cause the report to be published on the City's Internet website and to be transmitted to the City Council. The Report and Recommendations shall be included in the published packet and provided to the City Council as part of the Agenda at the meeting(s) at which the Council allocates the Vacant Property Tax funding:

#### **Section 4.56.070.**

#### **Accountability**

In accordance with the requirements of California Government Code Sections 50075.1 and 50075.3, the following accountability measures, among others, shall apply to the tax:

A. A separate, special account, referred to as the Vacant Property Tax Fund, shall be created, into which the proceeds of the tax must be deposited.

B. The specific purposes of the tax are for the funding of programs and services for homeless people, to reduce homelessness, and to support the provision of affordable

housing and for as the other purposes set forth in Section 4.56.050 of this Ordinance. The proceeds of the tax shall be applied only to these specific purposes.

C. The Commission established by Section 4.56.060 shall perform the oversight functions listed in that Section to ensure that the revenue from the tax is spent solely for the purposes listed in Section 4.56.050.

D. The City Auditor shall perform regular audits to ensure accountability and proper disbursement of all revenue collected by the City from the tax imposed by this Ordinance, in accordance with the objectives stated herein and in compliance with provisions of California law.

#### **Section 4. Severability.**

Should any provision of this Ordinance, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this Ordinance or the application of this Ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

#### **Section 5. California Environmental Quality Act Requirements.**

The City Council hereby determines that this Ordinance is not in-and-of-itself a "project" pursuant to the California Environmental Quality Act, Public Resources Code section 21000 et seq., including without limitation CEQA Guidelines 15378(b)(4) and 15061(b)(3), as it can be seen with certainty that there is no possibility that the adoption of the ordinance itself may have a significant effect on the environment. To the extent that vacant property tax revenues generated by the Ordinance may in the future be used to fund the construction of capital improvements, the Ordinance may assist in the financing of future "projects" that will be subject to environmental review pursuant to CEQA at the "earliest feasible time" prior to "approval" consistent with CEQA Guidelines Sections 15004 and 15352.

#### **Section 6. Approval; Effective Date.**

This Ordinance, and all the provisions thereof, shall become effective only upon affirmative passage by a two-thirds majority vote of the voters voting on the Ordinance. This Ordinance shall be considered adopted on the date that the City Council declares the results of the election at which it was voted upon and shall be effective ten days thereafter.

#### **Section 7. Council Amendments.**

This Ordinance may only be amended by a vote of the people if the amendment would result in the special tax being imposed, extended, or increased in a manner not

authorized by this Ordinance as originally approved by the voters.. The City Council may establish rules that are necessary and desirable for implementation of this Ordinance and may amend any aspect of the Ordinance as long as such amendment does not result in an increase in the authorized tax rate.

**Section 8. Expiration of Tax.**

This Ordinance shall not expire, and shall remain in effect unless repealed or amended by the voters of the City of Oakland.

; and be it

**FURTHER RESOLVED:** That the City Council of the City of Oakland does hereby request that the Board of Supervisors of Alameda County order the consolidation of the Oakland Municipal election called for herein with the state primary election of November 6, 2018, consistent with provisions of State Law; and be it

**FURTHER RESOLVED:** that each ballot used at said election shall have printed therein, in addition to any other matter required by law, the following:

CITY OF OAKLAND MEASURE \_\_\_\_\_

<p><b>Shall the Measure, to fund homeless solutions and related programs, remedy illegal dumping, and discourage vacant properties, by enacting a Vacant Property Tax on parcels in use less than 50 days per year, at annual rates of \$6,000 per parcel, and \$3,000 for a condominium unit; raising about \$16,000,000 annually unless repealed; with audits, community oversight, exemptions for very low income, low-income seniors and hardship, be adopted?</b></p> <p><b>[SUBJECT TO CITY ATTORNEY APPROVAL]</b></p>	<p><b>Yes</b></p>	
	<p><b>No</b></p>	

; and be it

**FURTHER RESOLVED:** that the City Council hereby authorizes and directs the City Clerk of the City of Oakland (the "City Clerk") at least 88 days prior to November 6, 2018, to file with the Alameda County Clerk certified copies of this Resolution; and be it

**FURTHER RESOLVED:** that the City Council does hereby request that the Board of Supervisors of Alameda County include on the ballots and sample ballots recitals and

measure language to be voted on by the voters of the qualified electors of the City of Oakland; and be it

**FURTHER RESOLVED:** That the City Council does hereby request that the Registrar of Voters of the County of Alameda perform necessary services in connection with said election; and be it

**FURTHER RESOLVED:** that the City Clerk is hereby directed to cause the posting, publication and printing of notices, pursuant to the requirements of the Charter of the City of Oakland, Chapter 3 of the Oakland Municipal Code, the Government Code and the Election Code of the State of California; and be it

**FURTHER RESOLVED:** that in accordance with the Elections Code and the Oakland Municipal Code, the City Clerk shall fix and determine a date for submission of arguments for or against said proposed Ordinance and rebuttals, and said date shall be posted in the Office of the City Clerk; and be it

**FURTHER RESOLVED:** that certain sections of the Ordinance submitted to the voters may be codified into the City of Oakland Municipal Code at the direction of the City Clerk upon approval by the voters; and be it

**FURTHER RESOLVED:** that this resolution shall be effective immediately upon approval by five members of the Council.

IN COUNCIL, OAKLAND, CALIFORNIA \_\_\_\_\_, 2018

PASSED BY THE FOLLOWING VOTE:

AYES

NOES

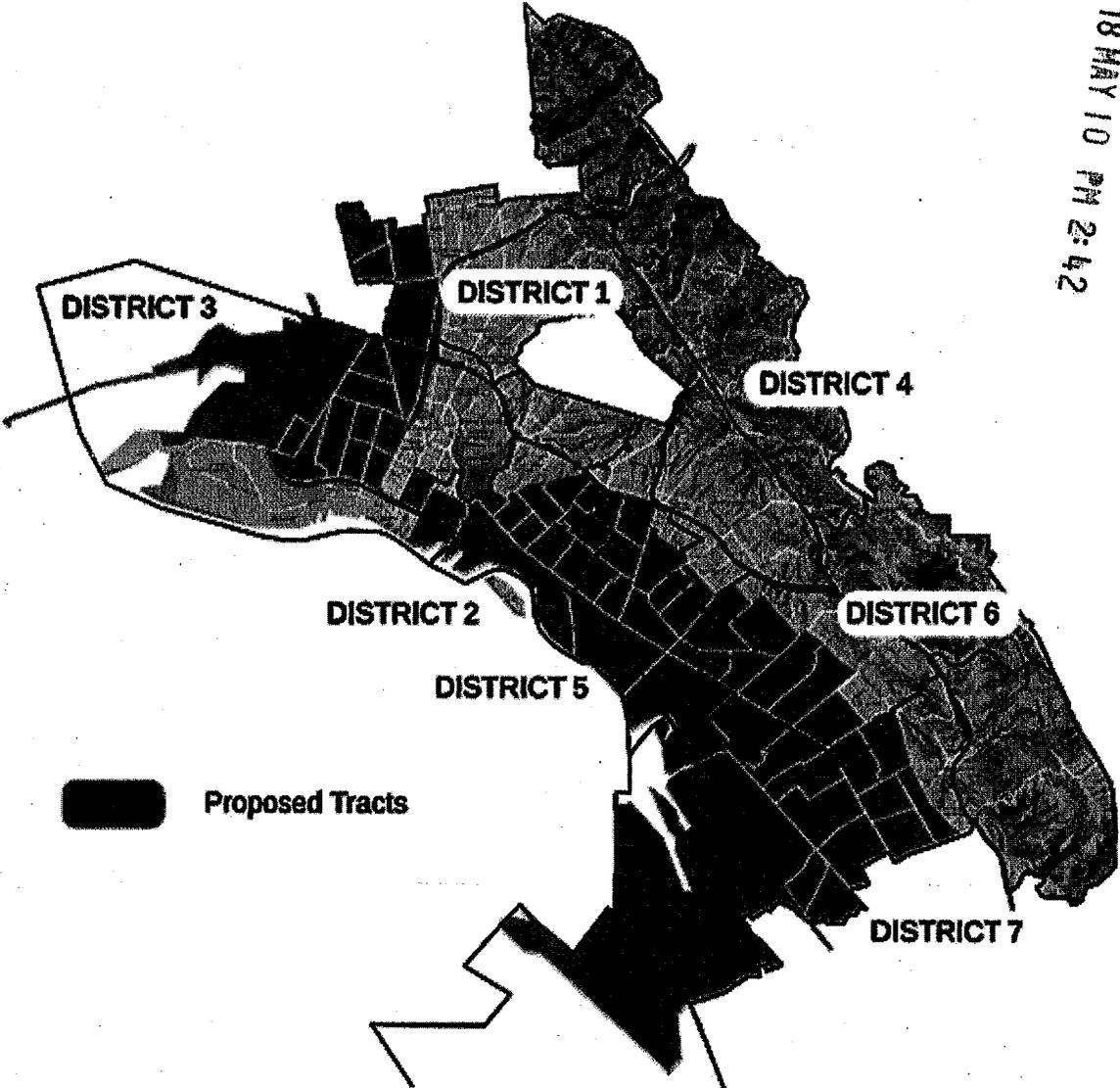
ABSENT

ABSTENTION

ATTEST:

\_\_\_\_\_  
LATONDA SIMMONS  
City Clerk and Clerk of the Council  
Of the City of Oakland, California

# ATTACHMENT A



FILED  
OFFICE OF THE CITY CLERK  
OAKLAND  
18 MAY 10 PM 2:42