

CITY OF OAKLAND

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OFFICE OF THE CITY CLERK
OAKLAND

2019 SEP 12 AM 4:36

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Adam Benson
Director of Finance

SUBJECT: Vacant Property Tax
Implementation Ordinance

DATE: August 30, 2019

City Administrator Approval

Date:

9/12/19

RECOMMENDATIONS

Staff Recommends The City Council:

1. **Adopt An Ordinance Amending Oakland Municipal Code Title 4, Chapter 4.56 To Clarify And Further Define Various Sections Of The Oakland Vacant Property Tax And Establish A Method To Identify Vacant Property; And,**
2. **Adopt A Resolution Authorizing The City Administrator, Or Designee, To Negotiate And Execute The First Amendment To The Agreement With SCI Consulting Group For The Implementation, Administration And Management Of The Vacant Property Tax For A Term Of Three Years Ending December 31, 2022 With Two One-Year Options To Renew, At The City's Complete Discretion, The Agreement Through December 31, 2024 For A Not-To-Exceed Compensation Of \$1,270,000 For All Five Years.**

EXECUTIVE SUMMARY

In November 2018, Oakland voters approved Measure W, the Vacant Property Tax Act. As stated in the measure, the purpose of Measure W is to "rais[e] revenue necessary to support and fund services for homeless people and affordable housing, and related programs."

Measure W calls for the City Council to pass an ordinance establishing the method for determining and identifying the "use" and vacancy status of properties subject to the tax. The measure also allows the City Council to adopt supplemental definitions for the exemptions listed in the measure.

This report summarizes the Administration's work to draft an implementing ordinance that further clarifies the definition of "use" for determining vacancy status and each of the exemptions. Staff developed these definitions with extensive input and comment from the public. This report seeks City Council consideration and adoption of the definitions consistent with the purpose of Measure W.

Finally, this report seeks City Council approval for the authority to amend a professional consulting agreement with SCI Consulting Group for the implementation, administration, and management of the tax.

Item _____
Finance and Management Committee
September 24, 2019

LEGISLATIVE HISTORY

On July 24, 2018, the Oakland City Council adopted Resolution 87319 C.M.S calling and giving notice, on its own motion, for a voter consideration of the ballot measure to adopt a Special Parcel Tax on vacant properties to fund solutions for homelessness, illegal dumping remediation, and specified program.

On November 6, 2018, Oakland voters approved Measure W, the Vacant Property Tax Act, by a margin of 70.04 percent, which established an annual tax on vacant property for 20 years to raise revenue necessary to support and fund homelessness programs and services, affordable housing, Code Enforcement, and clean-up of blighted properties and illegal dumping.

KEY TERMS OF MEASURE W

Measure W raises revenue by imposing a tax of up to \$6,000 on “parcels” that are “vacant.” The measure authorizes the tax on vacant properties every year for twenty (20) years following its initial levy.

The measure defines three different categories of parcels that may be subject to tax:

- (1) Residential and non-residential land parcels, both developed and undeveloped;
- (2) Individually owned condominium, duplex, or townhouse units; and
- (3) Ground floor commercial spaces.

The maximum tax rate for parcels in the first category, residential and non-residential land parcels, is \$6,000 per year. The maximum tax rate for parcels in the second and third categories is \$3,000 per year.¹

A parcel in one of the three categories will be considered vacant if it is “in use less than fifty (50) days during a calendar year.”² Measure W further defines “use” as “the performance of a function or operation.”³

Measure W also defines ten (10) categories of tax exemptions, including exemptions for financial and non-financial hardships, exceptional circumstances, and parcels in active development or construction.

In order to levy the tax on the FY 2020-21 property tax roll (applicable to those properties deemed vacant in calendar year 2019), the City Council must adopt an implementing ordinance by November 11, 2019.⁴ Approval of the implementing regulations beyond this date would not allow sufficient time to prepare the proper procedures for the levy in FY 2020-21.

¹ OMC, § 4.56.030(E).

² OMC, § 4.56.020.

³ OMC, § 4.56.010.

⁴ If the implementing ordinance is not adopted, by second reading, by November 11, 2019, staff will not have sufficient time to prepare proper procedures for levy on FY 2020-21 tax bills, and will likely have to delay implementation until FY 2021-22 tax bills.

Revenue from the tax will be placed in a restricted fund that can be used only for the purposes stated in Measure W. Measure W generally allows the funds to be used to address homelessness, affordable housing, and blight. Up to 15% of the revenue may be used to pay for associated administrative costs.

Measure W also calls for the creation of a new Commission on Homelessness. The Commission will review and make recommendations regarding the expenditures of tax revenue and publish an annual report on the implementation of Measure W and the expenditure of tax revenue.

ANALYSIS AND POLICY ALTERNATIVES

The Administration conducted an extensive research and public outreach campaign to gather comments on the implementation of the Measure W. The Administration held three town hall meetings, attended by more than 500 residents, and received hundreds more comments by e-mail, letter, and phone.

These sections summarize key data from staff's research and the process and rationale by which the Administration translated public input into the draft implementing ordinance.

Key Data

The following tables represent key data points that were considered in drafting the implementing ordinance, and provide context to some proposed sections of the implementing ordinance.⁵

As shown in **Table 1**, the City is comprised of approximately 111,951 legally defined parcels. As shown in Table 2, the City has approximately 4,366 vacant parcels (see footnote 6), only a portion of which would be subject to the vacant property parcel tax.

Table 1: Citywide Property Statistics - All Parcels

Parcel Type	Number of Parcels	Pct. (%) of Total
Residential Parcels	97,112	87%
Non-residential Parcels	7,425	6%
"Vacant" Parcels – as defined by County Assessor ⁶	4,366	4%
Government-owned Parcels	3,048	3%
Total	111,951	100%

⁵ Staff also reviewed data and analysis in a report commissioned by the Office of Councilmember McElhanev and prepared by Hayley Raetz from the UC Berkeley Goldman School of Public Policy, available at: <https://turnercenter.berkeley.edu/blog/vacant-parcels-tax-oakland>

⁶ "Vacant" in this context is not the same as "Vacant" in the context the Measure W, in part because "Vacant," in the context of this County Assessor data, excludes empty residential condominiums, duplex, and townhouse units.

Table 2: Types of County Assessor Vacant Parcels

Parcel Type	Number of Vacant Parcels	Pct. (%) of Total
Government owned property - vacant land	6	0.14%
Tract land, R&T 402.1	1	0.02%
Vacant apartment common area or use	1	0.02%
Vacant apartment land, capable of 5 or more units	515	11.80%
Vacant apartment land, R&T 402.1	8	0.18%
Vacant commercial land (may include misc. imps)	419	9.60%
Vacant industrial land (may include misc. imps)	431	9.87%
Vacant land necessary part of institutional prop.	1	0.02%
Vacant residential land, R&T 402.1	9	0.21%
Vacant residential land, zoned 4 units or less	2,941	67.36%
Vacant residential tract lot	33	0.76%
Vacant rural-res home sites (may incl. misc. imps)	1	0.02%
Grand Total	4,366	100.00%

840 Parcels	Contiguous to or located within 1,000 feet of a parcel owned by same owner
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Table 3: County Assessor Vacant Parcels in City Neighborhood by Location of Owner

Location of Owners - (mailing address)									
City Neighborhood (Sub-Area)	Total Vacant Parcel	No. of Owners outside of Oakland		No. of Owners within Oakland					
		No. of Owners Outside City of Oakland	Percentage of Owners Outside City	No. of Owners Inside City of Oakland	Percentage of Owners Inside City	City Neighborhoods (Sub-Area)			
						No. of Owners Outside of Sub-Area	No. of Owners Within Same Sub-Area	Percentage (%) of Owners in Sub-Area	Percentage (%) of Owners Outside Sub-Area
Downtown	132	74	56%	58	44%	15	43	33%	67%
East Hills	234	128	55%	106	45%	41	65	28%	72%
East Oakland	1,515	789	52%	726	48%	547	179	12%	88%
Glenview/Laurel	98	46	47%	52	53%	22	30	31%	69%
Grand Lake Piedmont	58	21	36%	37	64%	13	24	41%	59%
Leona Heights	127	34	27%	93	73%	33	60	47%	53%
Montclair	386	182	47%	204	53%	65	139	36%	64%
North Hills	227	197	87%	30	13%	22	8	4%	96%
North Oakland	705	317	45%	388	55%	297	91	13%	87%
Rockridge	79	35	44%	44	56%	8	36	46%	54%
San Antonio									
Cleveland Heights	138	72	52%	66	48%	34	32	23%	77%
Temescal	85	37	44%	48	56%	28	20	24%	76%
West Oakland, Jack London Sq. Chinatown	582	366	63%	216	37%	89	127	22%	78%
TOTAL	4,366	2,298	53%	2,068	47%	1,214	854	20%	80%

According to a report⁷ titled Oakland's Vacant Lots, Encouraging Equitable Development, prepared by Hayley Raetz from the UC Berkeley Goldman School of Public Policy, approximately 93% of the 4,366 vacant parcels identified in the tables above currently pay \$6,000 or less in property taxes annually.

Public Awareness Campaign and Stakeholder Engagement

Staff in the Finance Department and City Attorney's Office, with coordination and collaboration with SCI Consulting Group, have conducted an extensive public awareness campaign concerning the implementation of Measure W. This campaign included several town hall-style engagement sessions in June 2019 and multiple written communications. Table 4 below provides an overview of the key public outreach.

Table 4: Public Awareness Campaign

Timeline	Audience & Format	Description / Message
December 14, 2018	Letter to non-owner-occupied residential property owners and all non-residential property owners	<ul style="list-style-type: none"> • Measure W on Vacant Property Tax Act approved by the voters • Invitation to ask questions, comments and feedback via email • What happens next
May 17, 2019	Letter to non-owner-occupied residential property owners and all non-residential property owners	<ul style="list-style-type: none"> • Invitation to attend public engagement sessions • Invitation to ask questions, comments and feedback via email
June 5, 2019	Public Engagement Session 1 Redwood Heights Recreation Center 3883 Aliso Avenue Oakland, CA 94619	<ul style="list-style-type: none"> • Overview of the approved Vacant Property Tax Act • Seek story, comments and feedback from participants for the development of an implementation ordinance • What happens next
June 6, 2019	Public Engagement Session 2 Oakland City Hall 1 Frank H. Ogawa Plaza Oakland, CA 94612	<ul style="list-style-type: none"> • Overview of the approved Vacant Property Tax Act • Seek story, comments and feedback from participants for the development of an implementation ordinance • What happens next
June 27, 2019	Public Engagement Session 3 Lakeside Park Garden Center 666 Bellevue Avenue Oakland, CA 94610	<ul style="list-style-type: none"> • Overview of the approved Vacant Property Tax Act • Seek story, comments and feedback from participants for the development of an implementation ordinance • What happens next
September 11, 2019	Public Engagement Session 4 Newsletter & Email to District 6 subscribers	<ul style="list-style-type: none"> • Overview of the approved Vacant Property Tax Act

⁷ http://turnercenter.berkeley.edu/uploads/H.Raetz_Vacant_Parcels_Final.pdf

Timeline	Audience & Format	Description / Message
		<ul style="list-style-type: none"> • Seek story, comments and feedback from participants for the development of an implementation ordinance • What happens next
September 13, 2019 (tentative)	Postcard to non-owner-occupied residential property owners and all non-residential property owners	<ul style="list-style-type: none"> • Date and time for City Council Committee(s) consideration and possible adoption of Finance Department's proposed Implementation Ordinance
To be included in the postcard announcing the date and time of the Committee(s) meeting(s).	Postcard to non-owner-occupied residential property owners and all non-residential property owners	<ul style="list-style-type: none"> • Date and time for City Council consideration and possible adoption of Finance Department's proposed Implementation Ordinance
To be determined	Letter or postcard to non-owner-occupied residential property owners and all non-residential property owners	<ul style="list-style-type: none"> • Understanding the Tax • Rules and Regulations • Forms and Frequently-Asked Questions • Dates and time for Tax Informational Sessions

Proposed Implementation Ordinance

The proposed implementation ordinance further defines the term "use" as it relates to whether a property is considered vacant and provides expanded definitions around the various exemptions. Each proposed definition of "use" and definition of the exemptions is shaped by a combination of public input, staff's research and analysis, in coordination and collaboration with SCI Consulting Group, and legal review provided by the City Attorney's Office. Most critically, staff has attempted to draft these definitions so that they can be objectively read and applied. Staff is specifically attempting to avoid having City staff make subjective determinations about what activities should and should not be taxed.

Staff presents these draft terms for the City Council's consideration.

Table 5: In-Use Determinations

	Proposed Ordinance
1	Physical occupancy of a Residential Parcel, condominium, duplex, or townhouse unit by a lawful inhabitant.
2	<p>Carrying on of any legal, civic, commercial, industrial, agricultural, or extractive activity as those terms are defined by the Planning Code, including any religious or community gatherings, on or in a Non-residential Parcel, Undeveloped Parcel, or Ground Floor Commercial Space, except that.</p> <p>1. Any Non-Residential Parcel, Undeveloped Parcel, or Ground Floor Commercial Space used for warehousing, storage, or distribution activities, as those terms are used in Oakland Municipal Code Section 17.10.583, will not be considered</p>

	Proposed Ordinance
	<p>in use unless at least 40% of the parcel or unit's floor space available for warehousing, storage, or distribution is occupied</p> <p>2. Any Ground Floor Commercial Space will not be considered in use unless either leased out to a bona fide tenant intending to use the space for a legal activity, or actually occupied by an Owner or some other party for some substantially similar purpose.</p>
3	<p>Maintenance of an Undeveloped Parcel that is contiguous or within 500 feet of an occupied Residential Parcel owned by the same Owner.</p> <p>Further Explanation: Numerous members of the public stated in town halls and in writing that, when they purchased their homes, their primary residential parcel also included a separate, neighboring or nearby undeveloped parcel. Such undeveloped parcels are, according to public comment, often undevelopable or used for various purposes summarized in this draft term.</p>
4	<p>Ingress and egress of persons or vehicles across substantially all of the parcel</p> <p>Further Explanation: As confirmed by public comment, in some parts of the City, several neighbors share a driveway that provides access to all of the neighbors' parcels. The driveway itself often is a separate parcel, with its own APN, and is owned by one of the neighbors who grants an easement to the other neighbors.</p>
5	<p>Other functions or operations as the City Administrator, or designees, may deem appropriate.</p>

Table 6: Exemptions

OMC Section	Current Ordinance v. Proposed Ordinance
4.56.030(J)(1)(a) (Very low income)	<p><u>Current Ordinance:</u> "An Owner who qualifies as very low-income as defined by the United States Department of Housing and Urban Development (HUD)."</p> <p><u>Proposed Ordinance:</u> The "very low income" exemption applies if the Owner's combined family income for the relevant Calendar Year is equal to or less than the United States Department of Housing and Urban Development for the Oakland-Fremont CA HUD Metro Fair Market Rent Area.</p> <p>Further Explanation: Specify Oakland-Fremont CA as the HUD Metro FMR Area. A very low-income property owner, as defined HUD, is the owner of the property and has an income of 50% of the median income for the Oakland-Fremont, CA HUD Metro FMR Area.⁸</p>

⁸ Oakland-Fremont CA HUD FMR Area: for the calendar year 2018, a family of four makes less than \$61,950 would be eligible for the very low-income exemption for the following property tax year (July 1, 2019 – June 30, 2020).

OMC Section	Current Ordinance v. Proposed Ordinance
<p>4.56.030(J)(1)(b) (Hardship due to specific factual circumstances)</p>	<p><u>Current Ordinance:</u> "An Owner for whom the payment of the tax imposed by this Ordinance would be a financial hardship due to specific factual circumstances."</p> <p><u>Proposed Ordinance:</u> The following circumstances may constitute a "financial hardship due to specific factual circumstances:"</p> <ol style="list-style-type: none"> 1. The Owner, for any period of time during the relevant Calendar Year, was a natural person and a debtor-party in an individual bankruptcy action. 2. The Owner, for any period of time during the relevant Calendar Year, experienced a significant medical event that kept the owner from engaging in their normal work or business activities for at least thirty (30) days. 3. The Owner, on or after December 1 of the year preceding the relevant Calendar Year, was involuntarily terminated from employment and was unemployed for at least sixty (60) days during the relevant Calendar Year. <p>Further Explanation: Numerous members of the public expressed that the proposed tax, if implemented at its maximum rates, would more than double their property tax liability. These anecdotal statements are confirmed by an independent report, which found that the overwhelming majority of properties marked "vacant" on the Alameda County Tax Assessor's role currently pay less than \$6,000 in estimated annual property tax.</p>
<p>4.56.030(J)(1)(c) (Demonstrable hardship that is unrelated to the Owner's personal finances)</p>	<p><u>Current Ordinance:</u> "An Owner whose property is vacant as a result of demonstrable hardship that is unrelated to the Owner's personal finances."</p> <p><u>Proposed Ordinance:</u> An Owner whose property is vacant as a result of demonstrable hardship that is unrelated to the Owner's personal finances. The following circumstances may constitute a demonstrable hardship that is unrelated to the Owner's personal finances:</p> <ol style="list-style-type: none"> 1. The subject property was, for at least one-hundred and eighty (180) days during the relevant Calendar Year, subject to a lis pendens, or similar court order giving notice of a conflict regarding title or ownership interests, pursuant to any pending lawsuit, bankruptcy proceeding, probate action, condemnation action or other or proceeding filed with any court. 2. The Owner, for at least sixty (60) days during the relevant Calendar Year, was serving in the military and deployed overseas. 3. The then Owner died at some time during the relevant Calendar Year. 4. The Owner inherited the subject property during the relevant Calendar Year or in the immediately preceding calendar year. <p>Further explanation: Numerous members of the public expressed that their potentially vacant parcel was inherited from a relative, who had hoped that the property would build the family's long-term wealth. Members of the public expressed that it can be difficult, especially without development expertise, to put an inherited property to use shortly after the passing of the former owner.</p>
<p>4.56.030(J)(1)(d) (Exceptional specific circumstances)</p>	<p><u>Current Ordinance:</u> "An Owner who can demonstrate that exceptional specific circumstances prevent the use or development of the property...."</p> <p><u>Proposed Ordinance:</u> "An exceptional specific circumstance includes any</p>

OMC Section	Current Ordinance v. Proposed Ordinance
	<p>circumstance that, in the judgment of the City Administrator, or their designee, prevents any use or development of the property. The City Administrator may request and consider any relevant evidence to determine whether an exceptional specific circumstance exists. The City Administrator shall consider any evidence that the property was damaged by a recent natural disaster, that the property adjoins a residential parcel and is used as a yard, or that a licensed engineer, or similar professional, has endorsed a written opinion concluding that physical conditions of the property prevent any development. If the City Administrator determines that an exceptional specific circumstance exists, the City Administrator may grant an exemption for up to five (5) calendar years. But such exemption shall not be effective unless and until the Owner of the subject parcel records a notice against the subject property, approved by the City Attorney, summarizing the basis for exemption."</p> <p>Further explanation: Members of the public expressed numerous examples of physical situations that they believed prevented use or development of their property. Instead of attempting to capture every possible scenario, we propose granting the City Administrator discretion to take evidence of circumstances preventing use or development, and make decisions on a case-by-case basis.</p> <p>The potential conditions identified by the public, and which the City Administrator may, but is not required, to consider as "exceptional" include:</p> <ol style="list-style-type: none"> 1. The subject property cannot be used for a permanent improvement because of an extreme slope. 2. The subject property is landlocked. 3. Development of the subject property would block another parcel's access to public streets or utilities. 4. The subject property is located in an extreme risk fire area and is being kept undeveloped for fire protection purposes. 5. The subject property is not in use because of damage from a natural disaster. 6. All permanent improvements on the subject parcel are forbidden by local, state, or federal law. 7. The subject property is not in use in order to preserve a "view" that would be protected by Chapter 15.52. <p>Further explanation: Members of the public pointed to Chapter 15.2 as, they argued, a prior expression of the City's intent to identify particular uses of property as proper.</p> <ol style="list-style-type: none"> 8. The subject property is too small to develop. 9. The subject property is a residential parcel or unit that is subject to an irrevocable trust for the care of an animal pursuant to California Probate Code section 15212 and was used for such care for at least fifty (50) days in the relevant Calendar Year. <p>Further explanation: Members of the public expressed that some parcels are kept, after their passing, to house and care for family pets that are left behind.</p> <ol style="list-style-type: none"> 10. The subject property is contiguous with a parcel in a different municipality that is developed, or in use, and is owned by the same person as the subject parcel.

OMC Section	Current Ordinance v. Proposed Ordinance
	<p><i>Further explanation: When Oakland's borders were initially forming, formal borders often cut through existing parcels, dividing a homeowner's formerly single parcel into two parcels, one in Oakland and one in the neighboring municipality.⁹ In some cases, the "Oakland" parcel does not include any portion of a building, although the owner's primary residence is wholly located on the contiguous parcel.</i></p> <p>11. The subject parcel was subject to a recorded, restrictive covenant forbidding permanent improvement. 12. The subject parcel was not in use for flood or watershed protection reasons. 13. The subject parcel was not habitable due to off-site issues. 14. During the relevant Calendar Year, the City denied a building permit for the subject parcel because of environmental considerations, including but not limited to fire, flood, or watershed protection, outside of the control of the owner.</p>
<p>4.56.030(J)(1)(e) (Active construction)</p>	<p><u>Current Ordinance:</u> "An Owner of a property that is under active construction...." <u>Proposed Ordinance:</u> The "active construction" exemption applies if the Owner held, for at least fifty (50) days during the relevant Calendar Year, a valid and active building permit for the subject parcel.</p>
<p>4.56.030(J)(1)(f) (Building Permit Application)</p>	<p><u>Current Ordinance:</u> "An Owner of a property for which an active building permit application is being processed by the City." <u>Proposed Ordinance:</u> The "building permit application" exemption applies if during or previous to the relevant Calendar Year, the Owner submitted a building permit application to the City and the total number of days during which the application was pending <i>plus</i> any number of days after the application was approved but before the end of the relevant Calendar Year was at least fifty (50) days.</p>
<p>4.56.030(J)(1)(g) (Low Income seniors)</p>	<p><u>Current Ordinance:</u> "An Owner 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." <u>Proposed Ordinance:</u> The "low income seniors" exemption applies if the Owner is at least sixty-five (65) years of age or older and their combined family income for the relevant Calendar Year is equal to or less than the United States Department of Housing and Urban Development "Low Income Limit" for the Oakland-Fremont, CA</p>

⁹ See: <https://www.kqed.org/news/11737575/why-is-piedmont-a-separate-city-from-oakland-2> ["Piedmont stayed a separate city but its edges weave in and out of Oakland. This is because in their haste to file paperwork to incorporate Piedmont, proponents grabbed the only map they had on hand to define the boundaries — a map of the sewer lines that snaked underneath the houses in Piedmont. What does that mean for the borders of Piedmont today? "It means that there are 136 parcels ... a portion of which are in Piedmont and a portion of which are in Oakland, and/or, where one side of the street is in Piedmont and the other side of the street is in Oakland, like Rose Avenue"]

OMC Section	Current Ordinance v. Proposed Ordinance
	HUD Metro FMR Area.
4.56.030(J)(1)(h) (Disabled Owner)	<p><u>Current Ordinance:</u> "An Owner who, regardless of age, (i) receives Supplemental Security Income for a disability or (ii) Social Security Disability Insurance benefits, regardless of age and 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."</p> <p><u>Proposed Ordinance:</u> The "disabled owner" exemption applies if the Owner, for any period in the relevant Calendar Year received supplemental security income for disability or social security disability insurance benefits and the Owner's income for the relevant Calendar Year did not exceed two hundred fifty percent (250%) of the 2012 federal poverty guidelines issued by the United States Department of Health and Human Services.</p>
4.56.030(J)(1)(i) (Non-profit organization)	<p><u>Current Ordinance:</u> "An Owner that is a non-profit organization or entity owned or controlled by a non-profit organization."</p> <p><u>Proposed Ordinance:</u> The "non-profit organization" exemption applies if the Owner was, for at least one hundred and eighty (180) days during the relevant Calendar Year, a lawfully functioning organization pursuant to Internal Revenue Code section 501(c)(3).</p>
4.56.030(J)(1)(j) (Substantially complete application for Planning approvals)	<p><u>Current Ordinance:</u> "An Owner of a parcel included in a substantially complete the application for planning approvals that has not yet received approval...."</p> <p><u>Proposed Ordinance:</u> The "substantially complete application for planning approvals" exemption applies if the Owner held a notice from the City stating that an application for planning approvals with respect to the subject property was complete and such application remained pending for at least fifty (50) days during the relevant Calendar Year. After an application for planning approvals is approved for a subject parcel, the Owner may apply for an administrative two-year exemption, exempting the subject property from being deemed vacant for the calendar year during which the application for planning approvals was approved and for the following calendar year.</p>

Appeals of Assessment

The Notice of Determination will include provisions, including time limits that would enable the property owner to appeal the determination and request for a redetermination of the assessment beginning first with a written administrative appeal, followed by an appeal to a hearing officer. As with other tax programs, the decision rendered by a hearing officer or an independent board could be challenged through the court proceedings. If this takes place, the matter is handled and decided in the superior court.

Implications, Related Issues and Risk

The effectiveness of Measure W will depend on several factors. These include how strongly taxpayers react to the tax and the enforcement of Measure W. This section is intended to answer some questions that are within the parameters of these two factors.

1. Question: Should the City Council consider changing the tax rates and/or restricting the tax to specific zones, as authorized in Measure W?

Answer: The Administration strongly recommends that the City Council should allow the approved tax structure and the application of the tax citywide to take effect without any changes until the Administration has had at least two years in administering the tax. The recommended two-year halt, as in two billing cycles (2019 and 2020 calendar years), should be sufficient for the Administration to gather significant information on the fairness and effectiveness of Measure W through ongoing review of issues, complaints, appeals and interactions with property owners as part of the audit and compliance program.

2. Question: Should the City Council consider “streamlining permitting and lowering or waiving impact fees on low-zoned vacant residential parcels that would efficiently move empty parcels to a higher use,” as suggested in the aforementioned Oakland’s Vacant Lots, Encouraging Equitable Development report?

Answer: This is a policy question that requires the City’s Planning and Building Department to conduct a review.

3. Question: What are the implications and/or risks if the City Council delays adopting an implementation ordinance after November 11, 2019, or adopting an implementation ordinance but setting the calendar year 2020 as the first year in which the status of the property would be determined that the tax would then be imposed on the ad valorem property tax bill for FY 2021-22, as opposed to FY 2020-21 for the property deemed vacant in calendar year 2019?

Answer: The imposition of the tax shall be imposed no sooner than the ad valorem tax bill for fiscal year 2020-21 for parcels deemed vacant in the previous calendar year (2019). As a result, the recently approved Operating Budget for FY 2020-21 includes an estimated revenue of \$7 million. This revenue will not be realized if an ordinance is not adopted by November 11, 2019. Failure to adopt an ordinance by November 11, 2019, will necessitate a cut in services or an identification of alternative funding during the FY 2020-21 Midcycle Budget update. Staff requires sufficient time to identify and notice property owners of an assessment, and manage the appeal process prior to sending the assessed properties to the tax roll.

Vacant Property Tax Administration and Management

Request for Qualifications:

In December 2018, the Finance Department released a Request for Qualifications seeking qualified individuals or firms experienced in:

1. Providing technical and policy recommendations on the development and implementation of rules, regulations, procedures, standards and criteria focusing on vacant

- property/parcel/land assessment and salient considerations to achieve a fair, consistent and equitable application of the newly voter-approved Vacant Property Tax; and/or,
2. Administering and managing the Vacant Property Tax, including creating forms and notices, holding informational outreach sessions, serving as the point of contact for property owner to answer questions, inquires, tax registration process, and handling all administrative related tasks associated with noticing, reviewing, processing and analyzing exemption requests, supplemental/ad-hoc billing of cases that resolved after the deadline for including charges in the annual secured property tax bill, handling appeals, presenting and/or testifying before Administrative Board of Review, Commission, City Council and/or court proceedings.

Request for Qualifications Responses, Selection and Current Agreement:

Three proposals¹⁰ were received by the deadline of January 25, 2019 and reviewed by members of the City's Finance Department and Planning and Building Department. SCI Consulting Group received unanimous votes as the top-ranked company among the three.

Given the urgency to immediately work on the approved Measure W, the City Administrator, as duly authorized to negotiate and enter agreement wherein the total compensation does not exceed \$250,000, negotiated and executed an agreement with SCI Consulting Group for providing technical and policy recommendations on the development and implementation of rules, regulations, procedures, standards and criteria focusing on Measure W. The agreement capped the compensation at \$120,000 and is due to expire following Council's adoption of an implementation ordinance. To date, the Administration has spent \$70,000, and expects to spend approximately an additional \$50,000 at the conclusion of the initial agreement.

SCI Professional Consulting Agreement Amendment- City Council's Authorization:

SCI Consulting Group's 34 years of experience and vast knowledge of real property laws and regulations are shone brightly during the first phase of the agreement. Finance staff has not only had positive working relationship with SCI Consulting Group but has also learned a great deal from them. Therefore, staff recommends the City Council approve and authorize an amendment amending the existing agreement with SCI Consulting Group for the following terms:

Amended Term: January 1, 2020, through December 31, 2022

Optional Term: Two (2) one-year Options (through December 31, 2024)

Compensation:

- Initial 3-Year Term (2020-2022 Calendar Years): \$850,000 (2020: \$482,000; 2021: \$184,000; 2022: \$184,000)
- Optional Two (2) 1-year Terms (2023-2024 Calendar Years): \$368,000 (2023: \$184,000; 2024: \$184,000)
- Contingency: \$52,000

¹⁰ Proposals submitted by Walsh Financial Consulting, MuniServices, LLC and SCI Consulting Group. Walsh Financial Consulting, an Oakland-based business, was disqualified due to lack of experience and staffing capacity.

- Total 5-Year Not-to-Exceed Amount: \$1,270,000 (\$850,000+\$368,000+\$52,000)

Scope of Work:

Year-round levy and exemption administration services for the Vacant Property Tax; including:

- Establishing and maintaining a taxpayer database for the Vacant Property Tax;
- Development of a custom web application for Vacant Property Tax petitions, exemptions, and other City tax and assessment exemptions to be available for the second and subsequent tax years, including ongoing technical support and hosting by Amazon Web Services;
- Preliminary identification of parcels likely subject to the Vacant Property Tax;
- Conducting two (2) in-person informational outreach sessions to interested owners for the first fiscal year and one (1) in-person informational session for each subsequent year;
- Design and mailing of a notice to owners of parcels likely subject to the Vacant Property Tax;
- Exemption administration which includes the design of exemption application forms, processing of applications and annual renewals based on clearly defined qualifications and verification documents, and secure storage of qualifying and non-qualifying applications;
- Determination of final Vacant Property Tax levies;
- Preparation of the final Vacant Property Tax levy roll, satisfying the submittal requirements of the County Tax Collector;
- Handling taxpayer inquiries and appeals;
- Presenting and/or testifying before the Hearing Officer, Administrative Board of Review, Commission, City Council, and/or court proceedings, as necessary. First fiscal year includes up to ten (10) in-person meetings. Subsequent fiscal years include up to five (5) in-person meetings;
- Auditing of property/parcel/land for tax compliance purposes;
- Supplemental/ad-hoc billing of cases resolved after the deadline for including the levies on the secured property tax bill;
- Working with the City to resolving issues related to the Vacant Property Tax;
- Identifying critical decisions and develop decision-making strategies (i.e., issues and escalations) for approvals;
- Providing statistical reports regarding the annual levy and exemptions to the City; and
- Providing technical advice to the City regarding the annual Vacant Property Tax levy and exemptions, as necessary.

FISCAL IMPACT

There are a significant number of variables that will impact the amount of revenue raised by the Vacant Property Tax. First, active use of a parcel for more than 50 days during a calendar year may be a relatively easy threshold to meet. Furthermore, it is very difficult to know the number of parcels that will be in use less than 50 days in a calendar year but will meet one of the ten (10) allowable exemptions in the measure.

The FY 2020-21 budgeted \$7 million in revenue from the Vacant Property Tax. A combination of developed and undeveloped parcels with in use less than 50 days in a calendar year and parcels not being considered exempt under the ordinance. For example, approximately 875 undeveloped parcels (\$6,000) and 584 developed parcels or vacant ground floor commercial (\$3,000) will net \$7 million $(875 \times \$6,000) + (584 \times \$3,000) = \$7 \text{ million}$.

PUBLIC OUTREACH / INTEREST

Staff has conducted extensive research and public outreach campaign to gather comments on the implementation of the Measure W. Staff has also notified potential affected property owners the purpose, date and time of Committee(s) and subsequent City Council meetings. This item will be posted on the City's website for the September 24, 2019 Finance & Management Committee.

COORDINATION

This report has been coordinated with the Office of City Attorney, Planning and Building Department and Finance Department.

PAST PERFORMANCE, EVALUATION AND FOLLOW-UP

Past Performance: The City has had positive working relationship with SCI Consulting Group.

Evaluation: There is no evaluation as this is an informational report.

Follow-Up: Staff will perform follow-up report as required.

SUSTAINABLE OPPORTUNITIES

Economic: Vacant properties, either by choice of or neglected by their owners, leaving the City to keep them from becoming crime magnets, fire hazards or dumping grounds. The special tax provides a dedicated source of revenue to provide services and programs to homeless people, to reduce homelessness, and to support the protection of existing and production of new affordable housing to lower income households, 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

Staff Requests That City Council Adopt An Ordinance Amending Oakland Municipal Code Title 4, Chapter 4.56 To Clarify And Further Define Various Sections Of The Oakland Vacant Property Tax And Establish A Method To Identify Vacant Property; And,

Adopt A Resolution Authorizing The City Administrator, Or Designee, To Negotiate And Execute The First Amendment To The Agreement With SCI Consulting Group For The Implementation, Administration And Management Of The Vacant Property Tax For A Term Of Three Years Ending December 31, 2022 With Two One-Year Options To Renew, At The City's Complete Discretion, The Agreement Through December 31, 2024 For A Not-To-Exceed Compensation Of \$1,270,000 For All Five Years.

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

Respectfully submitted,



Adam Benson
Director of Finance
Finance Department

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

Prepared by:
Huey Dang
Revenue Analyst
Revenue Management Bureau

OAKLAND CITY COUNCIL
ORDINANCE NO. _____ C.M.S.

**ORDINANCE AMENDING OAKLAND MUNICIPAL CODE TITLE 4,
CHAPTER 4.56 TO CLARIFY AND FURTHER DEFINE VARIOUS
SECTIONS OF THE OAKLAND VACANT PROPERTY TAX AND
ESTABLISH A METHOD FOR IDENTIFYING VACANT PROPERTY**

WHEREAS, on July 24, 2018, the City of Oakland adopted Resolution 87319 C.M.S calling for voter consideration of a ballot measure to adopt a special parcel tax on vacant properties ("Measure W"); and

WHEREAS, on November 6, 2018, Oakland voters approved Measure W by greater than a 2/3rds margin; and

WHEREAS, Measure W established an annual tax on vacant property at a maximum rate of \$6,000 for certain properties and \$3,000 for other properties to support and fund homelessness programs and services, affordable housing, code enforcement, and clean-up of blighted properties and illegal dumping (the "Vacant Property Tax"); and

WHEREAS, pursuant to Measure W, a property will generally be considered "vacant" if it is in use less than fifty (50) days during a calendar year; and

WHEREAS, Measure W defines "use" as "the performance of a function or operation"; and

WHEREAS, Measure W defines ten (10) categories of tax exemptions, including exemptions for financial and non-financial hardships, exceptional circumstances, and properties in active development or construction;

WHEREAS, Measure W calls for the City Council to establish, by ordinance, a method of determining and identifying the use and vacancy status of each parcel of real property in the City;

WHEREAS, Measure W allows the City Council to provide supplemental definitions for the categories of exemptions;

WHEREAS, establishment of a method for determining and identifying the use and vacancy status of real property and further supplemental definitions to the categories of exemptions is critical to the administration of the Vacant Property Tax; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. Title 4, Chapter 4.56 of the Oakland Municipal Code containing the operative sections of the Vacant Property Tax is amended to add, delete or modify sections as set forth below (section numbers and titles are indicated in bold type; additions are indicated by underscoring and deletions are indicated by strike-through type.) Portions of regulations not cited or not shown in underscoring or strike-through are not changed.

SECTION 2. Code Amendments.

Title 4, Chapter 4.56 is amended as follows:

4.56.010 – Definitions.

"City" means the City of Oakland.

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

"Calendar Year" refers to the 12-month period from January 1 through December 31 pursuant to which the City will determine whether any parcel, property, or unit is subject to the Tax.

"County" means Alameda County.

"Ground Floor Commercial Space" means the ground floor space of any parcel of land where ground floor commercial activities are allowed by the applicable zoning (with or without a use permit) or are a legal nonconforming use.

"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 (1) residential unit; and
- ii) Uses other than a residential unit.

"Multifamily Residential Parcel" means all parcels that are improved with more than one (1) residential unit.

"Net General Purpose Fund Budget for Non-Safety Departments" means the total general purpose fund appropriation to the operating budgets of the non-safety departments, excluding expenditures that are offset by fees or other non-tax revenues.

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

"Non-Safety Departments" means all operating departments of the City, except police and fire.

"Owner" means the owner or owners of the real property located within the City of Oakland as of the first day of January following the calendar year pursuant to which a property is deemed to be vacant or not vacant. For the purposes of applying any exemptions defined in Section 4.56.090, the Owner shall not be exempt from the Tax unless each person or entity that owns a portion of the real property can separately demonstrate that they are entitled to an exemption.

"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 (1) or more residential units.

"Residential Unit" means a building or structure, or portion thereof, designed for or occupied exclusively by one (1) 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 (1) residential unit.

"Tax" or "Oakland Vacant Property Tax" means the special tax authorized by this Chapter.

"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.

4.56.080 – “In Use” Determinations.

For the purpose of making a determination of vacancy pursuant to Section 4.56.020, the following functions or operations are considered “use”:

- A. Physical occupancy of a Residential Parcel, condominium, duplex, or townhouse unit by a lawful inhabitant.
- B. Carrying on of any civic, commercial, industrial, agricultural, or extractive activity, as those terms are defined by the Planning Code, and including any religious or community gatherings, on or in a Nonresidential Parcel, Undeveloped Parcel, or Ground Floor Commercial Space, except that:
 - 1. Any Nonresidential Parcel, Undeveloped Parcel, or Ground Floor Commercial Space used for warehousing, storage, or distribution activities, as those terms are used in OMC section 17.10.583, will not be considered in use unless at least 40% of the parcel or unit’s floorspace available for warehousing, storage, or distribution is occupied;
 - 2. Any Ground Floor Commercial Space will not be considered in use unless either leased out to a bona fide tenant intending to use the space for a legal activity, or actually occupied, by an Owner or some other party, for some substantially similar purpose.
- C. Maintenance of an Undeveloped Parcel that is contiguous or within 500 feet of an occupied Residential Parcel owned by the same Owner.
- D. Ingress and egress of persons or vehicles across substantially all of the parcel.
- E. Other functions or operations as the City Administrator may deem appropriate.

4.56.090 – Exemptions.

For the purpose of determining whether an Owner is entitled to claim an exception pursuant to Section 4.56.030(J)(1) the following rules and clarifications apply:

- A. “Very Low Income” - - 4.56.030(J)(1)(a)

The “very low income” exemption applies if the Owner’s combined family income for the relevant Calendar Year is equal to or less than the United States Department of Housing and Urban Development “Very Low Income Limit” for the Oakland-Fremont, CA HUD Metro FMR Area.

- B. “Financial Hardship” - - 4.56.030(J)(1)(b)

The following circumstances constitute a “financial hardship due to specific factual circumstances”:

- 1. The Owner, for any period of time during the relevant Calendar Year, was a natural person and a debtor-party in an individual bankruptcy action.

2. The Owner, for any period of time during the relevant Calendar Year, experienced a significant medical event that kept the Owner from engaging in their normal work or business activities for at least thirty (30) days.
3. The Owner, on or after December 1 of the year preceding the relevant Calendar Year, was involuntarily terminated from employment and was unemployed for at least sixty (60) days during the relevant Calendar Year.

C. "Demonstrable Hardship Unrelated to Personal Finances" - - 4.56.030(J)(1)(c)

The following circumstances constitute a "demonstrable hardship":

1. The subject property was, for at least one-hundred and eighty (180) days during the relevant Calendar Year, subject to a lis pendens, or similar court order, giving notice of a conflict regarding title or ownership interests, pursuant to any pending lawsuit, bankruptcy proceeding, probate action, condemnation action or other action or proceeding filed with any court.
2. The Owner, for at least sixty (60) days during the relevant Calendar Year, was serving in the military and deployed overseas.
3. The then Owner died at some time during the relevant Calendar Year.
4. The Owner inherited the subject property during the relevant Calendar Year or in the immediately preceding calendar year.

D. "Exceptional Specific Circumstances" - - 4.56.030(J)(1)(d)

An exceptional specific circumstance includes any circumstance that, in the judgment of the City Administrator, prevents any use or development of the property. The City Administrator may request and consider any relevant evidence to determine whether an exceptional specific circumstance exists. The City Administrator shall consider any evidence that the property was damaged by a recent natural disaster, that the property adjoins a residential parcel and is used as a yard, or that a licensed engineer, or similar professional, has endorsed a written opinion concluding that physical conditions of the property prevent any development. If the City Administrator determines that an exceptional specific circumstance exists, the City Administrator may grant an exemption for up to five (5) calendar years. But such exemption shall not be effective unless and until the Owner of the subject property records a notice against the subject property, approved by the City Attorney, summarizing the basis for the exemption.

E. "Active Construction - - 4.56.030(J)(1)(e)

The "active construction" exemption applies if the Owner held, for at least fifty (50) days during the relevant Calendar Year, a valid and active building permit for the subject parcel.

F. "Building Permit Application" - - 4.56.030(J)(1)(f)

The "building permit application" exemption applies if during or previous to the relevant Calendar Year, the Owner submitted a building permit application to the City and the total number of days during which the application was pending plus any number of days after the application was approved but before the end of the relevant Calendar Year was at least fifty (50) days.

G. "Low Income Seniors" - - 4.56.030(J)(1)(g)

The "low income seniors" exemption applies if the Owner is at least sixty-five (65) years of age or older and their combined family income for the relevant Calendar Year is equal to or less than the United States Department of Housing and Urban Development "Low Income Limit" for the Oakland-Fremont, CA HUD Metro FMR Area.

H. "Disabled Owner" - - 4.56.030(J)(1)(h)

The "disabled owner" exemption applies if the Owner, for any period in the relevant Calendar Year received supplemental security income for disability or social security disability insurance benefits and the Owner's income for the relevant Calendar Year did not exceed two hundred fifty percent (250%) of the 2012 federal poverty guidelines issued by the United States Department of Health and Human Services.

I. "Non-profit organization" - - 4.56.030(J)(1)(i)

The "non-profit organization" exemption applies if the Owner was, for at least one hundred and eighty (180) days during the relevant Calendar Year, a lawfully functioning organization pursuant to Internal Revenue Code section 501(c)(3).

J. "Substantially Complete Application for Planning Approvals" - - 4.56.030(J)(1)(j)

The "substantially complete application for planning approvals" exemption applies if the Owner held a notice from the City stating that an application for planning approvals with respect to the subject property was complete and such application remained pending for at least fifty (50) days during the relevant Calendar Year. After an application for planning approvals is approved for a subject parcel, the Owner may apply for an administrative two-year exemption, exempting the subject property from being deemed vacant for the calendar year during which the application for planning approvals was approved and for the following calendar year.

4.56.100 – Method for Identifying Vacancy Status.

A. Initial Determination.

The City Administrator may develop administrative methods appropriate to identify, based on objective, available data, properties that are most likely to be vacant, and not exempt from tax, pursuant to Section 4.56.020. The City Administrator may send initial determination notices for the properties that the City Administrator determines are most likely to be vacant.

B. Petition of Vacancy.

Upon receiving an initial determination notice pursuant to Section 4.56.100(A), an owner may, within twenty (20) days of service of the notice, file a petition of vacancy. The petition of vacancy must be submitted in a form and manner determined by the City Administrator and include appropriate evidence demonstrating that the property was not vacant pursuant to Section 4.56.020 or was entitled to an exemption. Such evidence may include sworn statements, pictures, utility records, and any records necessary to demonstrate entitlement to an exemption.

C. Decision on Vacancy.

Upon receiving a petition of vacancy pursuant to Section 4.56.100(B), the City Administrator may request further evidence or clarification and shall issue a decision.

D. No Waiver.

Nothing in the section may be interpreted as waiving an Owner's obligation to pay the tax if they do not receive a notice pursuant to this Section.

4.56.110 – Appeal Process.

A. Request for Hearing.

Following the issuance of a decision on vacancy pursuant to Section 4.56.100, an Owner may, within twenty (20) days of service of such decision on vacancy, file a petition and request an appeal hearing before a hearing officer. Upon such request, the City Administrator shall appoint an independent hearing officer.

B. Pre-Hearing Procedure.

Prior to the hearing, the hearing officer may receive supplemental materials and evidence from the petitioner and the City. As soon as practical, the hearing officer shall set a deadline to receive any supplemental materials and evidence and shall set a hearing date.

C. Hearing Procedure.

Formal rules of evidence shall not apply to the conduct of the hearing. The hearing officer shall have the authority and discretion to permit examination of witnesses. Any party to a hearing may be assisted by a representative, including an attorney.

D. Decision Following Hearing.

As soon as practical following the hearing, the hearing officer shall issue a written decision regarding the vacancy status of the subject property. In the discretion of the hearing officer, the decision may, but is not required to, include findings of fact. The hearing officer's decision shall be considered final on the day it is executed by the hearing officer.

E. Further Action.

After the hearing officer issues a final decision, any party may seek further appropriate relief from the superior court.

4.56.120 – Administrative Regulations & Delegation

The City Administrator is authorized to adopt rules and regulations consistent with this Chapter as needed to implement this Chapter, subject to the review and approval of the Office of the City Attorney, and to develop all related forms and/or other materials and take other steps as needed to implement this Chapter, and make such interpretations of this Chapter as they may consider necessary to achieve the purposes of this Chapter.

The City Administrator may delegate any authority within their discretion pursuant to this Chapter 4.56 as they deem reasonably necessary.

SECTION 3. Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Chapter. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses or phrases may be declared invalid or unconstitutional.

SECTION 4. Effective Date. This ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes; otherwise it shall become effective upon the seventh day after final adoption.

In Council, Oakland, California,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

Attest:

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

Date of Attestation:

NOTICE AND DIGEST

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE TITLE 4, CHAPTER 4.56 TO CLARIFY AND FURTHER DEFINE VARIOUS SECTIONS OF THE OAKLAND VACANT PROPERTY TAX AND ESTABLISH A METHOD FOR IDENTIFYING VACANT PROPERTY

This ordinance amends portions of the City of Oakland's Vacant Property Tax, Oakland Municipal Code, Chapter 4.56. The Vacant Property Tax ordinance, originally approved by Oakland voters as Measure W in November 2018, imposes a special parcel tax on parcels deemed "vacant" in a calendar year, each year for twenty (20) years following the initial imposition of the tax. Parcels are deemed vacant if they, or in some situations permanent improvements built upon them, are not "in use" for at least fifty (50) days during the calendar year, and are not subject to any of ten (10) listed exemptions. This ordinance further defines the functions and operations of a parcel or permanent improvement that constitute "use" for purposes of the Vacant Property Tax, and further defines the various exemptions. The ordinance also describes an administrative process for the City to determine whether a parcel is vacant in any given calendar year, and establishes a process for parcel owners to appeal the City's determination.