

APPROVED AS TO FORM AND LEGALITY



CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

A RESOLUTION (1) AUTHORIZING THE CITY ADMINISTRATOR TO REMOVE DELINQUENT CITY OF OAKLAND VACANT PROPERTY TAX LIENS ON CERTAIN TAX DEFAULTED PROPERTIES, FOR A PERIOD OF FOUR YEARS, TO FACILITATE THE DEVELOPMENT OF THESE PROPERTIES INTO AFFORDABLE HOUSING VIA ALAMEDA COUNTY'S CHAPTER 8 TAX SALE PROGRAM, (2) ACKNOWLEDGING THE TRANSMUTATION OF THESE VACANT PROPERTY TAX LIENS INTO PRORATED CHAPTER 8 SALES PROCEEDS THAT WILL BE PAID TO THE CITY OF OAKLAND, AND (3) LIMITING THE AGGREGATE AMOUNT OF LIENS REMOVED PURSUANT TO THIS AUTHORIZATION TO A NOMINAL VALUE NOT TO EXCEED TEN MILLION (\$10,000,000) DOLLARS

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, abandoned and blighted properties throughout the City of Oakland (City) create significant health hazards in neighborhoods, including increased vector populations, the accumulation of toxic materials, and other health risks that adversely impact the quality of life in neighborhoods and deny residents their quiet use and enjoyment; and

WHEREAS, abandoned and blighted properties throughout the City have also been and continue to be significant attractors for trespassers and transient occupants that foster and enable criminal activities, such as theft, vandalism, prostitution, and the sale and use of

narcotics and other controlled substances; and

WHEREAS, abandoned and blighted properties throughout the City also have been and continue to be a significant and unnecessary deterrent to economic development and depress nearby property values in neighborhoods; and

WHEREAS, the City has expended and continues to expend public funds investigating abandoned and blighted properties, mitigating the detrimental effects of neglected maintenance, curtailing associated criminal activity, and monitoring the recurrence of nuisance activities; and

WHEREAS, a critical and immediate need therefore exists to safeguard life and limb, health, property, and public welfare and to reduce the substantial and unnecessary health, safety, and economic consequences on Oakland residents and businesses resulting from the effects of abandoned and blighted properties; and

WHEREAS, Oakland is currently experiencing a severe shortage of affordable housing, and the State of California's Regional Housing Needs Assessment forecasts that Oakland must build over 10,000 new affordable homes by 2031 to accommodate population growth; and

WHEREAS, a portion of abandoned and blighted properties in Oakland have been tax-delinquent for five years or more and are therefore officially designated as a tax-defaulted property by the County of Alameda; and

WHEREAS, these tax-defaulted properties are anticipated to be sold by Alameda County at auction for non-payment of property taxes, or have previously been offered at auction without a buyer; and

WHEREAS, some of these tax-defaulted lots have outstanding taxes and liens that exceed the fair market value of the property, and are therefore unlikely to find a buyer at auction; and

WHEREAS, some tax-defaulted lots have maintained tax-defaulted status for over 10 years; and

WHEREAS, it is doubtful the City will be able to collect the value of unpaid taxes and liens owed to it from the original owners of these properties; and

WHEREAS, the Alameda County Tax Collector's office desires to collaborate with the City on selling County Property Tax-defaulted properties having, among other outstanding tax and liens, extant Vacant Property Tax liens, to affordable housing developers via the California Revenue and Taxation Code Chapter 8 Tax Sale process; and

WHEREAS, properties sold via this process can be sold for a negotiated fair market value, thereby avoiding the debt spiral that tax-defaulted properties otherwise often enter; and

WHEREAS, the City will be paid a prorated portion of sale prices based on the share of outstanding liens and unpaid taxes owed the City, pursuant to Chapter 8 of the California Revenue and Taxation Code, which will typically be approximately two-thirds of the sale price; and

WHEREAS, the transfer of blighted and abandoned properties via the Chapter 8 tax sale process will abate blight, support affordable housing development, and reduce code enforcement costs the City would otherwise incur; and

WHEREAS, transmuting outstanding liens and unpaid taxes in the course of a Chapter 8 tax sale may help the new owner establish free and clear title to the property and would be in accordance with accounting best practices; and

WHEREAS, the Council desires to vest the City Administrator with the authority to remove the delinquent City of Oakland Vacant Property Tax liens on certain properties meeting the County's eligibility criteria and to transmute those outstanding liens and unpaid taxes on current and future tax-defaulted properties sold via the Chapter 8 process into proceeds to be received following the County's Chapter 8 sale and affordable housing development program; now, therefore, be it:

RESOLVED: That the City Administrator is hereby authorized to remove the delinquent City Vacant Property Tax liens on certain properties meeting the County's eligibility criteria to be included in the pool of properties that will be made available for sale via the Chapter 8 process; and be it:

FURTHER RESOLVED: That the term of authorization is to last no more than four years from the adoption of this resolution, and that the combined value of all delinquent City Vacant Property Tax liens removed for the subject properties in this time is to have a nominal value of no greater than ten million (\$10,000,000) dollars; and be it:

FURTHER RESOLVED: That the City Administrator shall acknowledge the transmutation of those delinquent City Vacant Property Tax liens into proceeds to be received, prorata, following the County's Chapter 8 sale and affordable housing development program; and be it:

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FURTHER RESOLVED: That the City Administrator shall rely upon guidance from the Office of the Alameda County Tax Collector to identify which eligible properties with outstanding City Vacant Property Tax liens will be included in the pool of properties that will be made available for sale via the Chapter 8 process.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROWN, FIFE, GALLO, HOUSTON, RAMACHANDRAN, UNGER, WANG, AND
PRESIDENT JENKINS

NOES –

ABSENT –

ABSTENTION –

ATTEST: _____

ASHA REED
City Clerk and Clerk of the Council of the
City of Oakland, California

3474800/JB