

Oakland Moving Forward
Community Task Force Report on
HOUSING



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Oakland Moving Forward
Community Task Force Reports

CITY GOVERNMENT

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HEALTH

HOUSING

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DIVERSITY/HUMAN RELATIONS

NEIGHBORHOOD ORGANIZING & CIVIC PARTICIPATION

TRANSPORTATION



Oakland Moving Forward Community Task Force Report

Introduction

October of 2005, various sectors of the Oakland community decided to revamp the process of selecting a candidate for Mayor. Historically, candidates were chosen based on the individual candidates announcing their intention to run for office and *then* proceeding to ask voters for their support. A coalition of residents of the City of Oakland decided to identify an individual rather than wait to be asked for their support. A petition drive was started to draft the Honorable Ronald V. Dellums to run for Mayor. After several months of gathering signatures for the petition to “draft” Mr. Dellums for Mayor, approximately 9,000 names were submitted to him for his consideration. It was this amazing act of civic participation, which began the “Ron Dellums for Mayor” campaign. Six months from the date of the primary election, the former Congressman who had served Oakland for more than twenty-seven years, began a campaign to once again answer the call to public service.

It was a phenomenal expression of the power of organized political action by residents to dare to fight **for** “City Hall.” On Election Day, Mr. Dellums’ candidacy rallied the support and votes of fifty plus one percent of the vote. It was a victory for citizen participation as well as a victory for the democratic process and the system by which citizens are represented in government. This unique coalition encompassed residents who were long-time activists and newcomers to the process. It bridged the generational, racial and gender divide to such an extent that it was often commented by observers, as well as participants, that the campaign had reenergized the passion within the community. Despite differences of opinion on some issues, the overall consensus was that this candidate could and would be a champion for all of the residents of Oakland and that together, anything was possible.

The task force process which was proposed during the campaign as a means of bringing forward specific recommendations to address the myriad of challenges faced by Oakland, as well as other urban centers around the nation, systematically reached out to a wide variety of citizens with a broad range of expertise on the issue addressed by each committee. The participants included residents in the medical profession, developers, academicians, social service providers, city and county employees, business owners – both large and small – union activists, public safety employees, artists, musicians, formerly incarcerated as well as other citizen and community activists. More than 800 citizens participated in the initial phase of the establishment of this process. Nine major committees were formed which ranged from education to City Hall. Subcommittees were formed within each committee to address a specific aspect of each issue. For example, the Education Committee had several subcommittees, one of which was to develop

recommendations regarding wrap-around services for the public schools. The participants were asked to frame their recommendations with three basic principles in mind; multi-jurisdictional collaboration, public/private partnerships and regional collaboration. All recommendations were to include strategies for implementation and further collaboration based on these principles.

The initial phase of the task force process begun by Mayor-Elect Ronald V. Dellums in September 2006 lasted through December 2006. This structure was designed to revitalize democracy by reinvigorating community participation in the City of Oakland and bring forth the brilliance and wisdom from within this community. Mrs. Cynthia Dellums helped to shape the process with the input of hundreds of people from every neighborhood collaborating on dozens of task forces dealing with every aspect of community life.

Over 800 people volunteered for forty-one committees as part of the task force, in conjunction with several "Neighbor to Neighbor" meetings held throughout the city. Each task force had one, sometimes two specific questions to address for deliberation. The task force operated with a set of organizing principles that combined democracy and structure. Agreement on any recommendation required a vote of two-thirds or more of their members. Some committees also developed minority reports as part of the recommendation process. The Mayor, city staff, task force members and others (e.g., business, labor, faith community, etc.) are currently engaged in an ongoing dialogue regarding the follow up on the recommendations.

A steering committee of the task force members provided the day-to-day leadership and logistical support for this largely volunteer process. The National Community Development Institute, an Oakland-based non-profit, provided strategic advice and consultation during this process. Special recognition and gratitude go to Kitty Kelly Epstein for her contribution to the coordination and outreach, which contributed to the success of this effort.

The "Oakland Moving Forward" Community Task Force developed the recommendations included in this document for review and consideration by Mayor Dellums.

The task force process and the structure, which continues to evolve, will be an integral component of this administration and the development and implementation of strategies for public policy moving forward.

Mayor Dellums would like to take this opportunity to once again thank all of the individuals who have participated in this process to date and to encourage those who would like to join him and their neighbors in creating a "Model City" for the twenty-first century.

Together, we **can** do great things!

Oakland Moving Forward
Community Task Force Report on

Housing

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“The housing needs assessment and the market analysis ... have shown the tremendous magnitude of unmet housing needs in Oakland, and the gap between market cost and the ability of low and moderate income households to pay for housing.”¹

“We must commit to creating real housing choices for Oakland families at all income levels, in the form of family-sized units, rental and homeownership opportunities.”²

The foresight, creativity and leadership of Mayor Ronald V. Dellums to commission a task force that represents a broad spectrum of housing viewpoints and experiences is bold and visionary. During his campaign, Mayor Dellums presented a vision of housing that would meet the needs of Oakland residents and yet maintain the City’s economic and racial diversity.

The question that was presented to the task force for developing policy recommendations with implementation strategies was simple: “How can we create housing that is both decent and affordable for all income levels.”

Over 50 people participated in the Dellums Housing Task Force. The large number of participants reflects the level of interest and desire of the community to develop a coherent and responsive public policy to address affordable housing needs in Oakland. The Task Force met six times over the course of eight weeks. Because of the complexities of the issues, four sub-groups were created: public sector, private sector, non-profit sector, and public-private partnerships. The goal of the Task Force was to work towards reaching a consensus on policy recommendations. However, given the diversity of opinions and interests, we were not able to achieve consensus on all policy recommendations and based on the Task Force guidelines, a vote was taken. The nine policy recommendations in this majority report are the result of this voting process. Dissenting participants have submitted minority reports. The full report therefore reflects both majority and minority views.

¹ “Consolidated Plan for Housing and Community Development, July 1, 2005 – June 30, 2010.” Community and Economic Development Agency. City of Oakland. May, 13, 2005.

² “Priority Housing Policy Recommendations for the City of Oakland: A Report of the Affordable Housing Caucus.” Convened by East Bay Housing Organizations, December 15, 2006.

The Dellums Housing Task Force has proposed the following recommendations:

**HOUSING
TASK FORCE
RECOMMENDATIONS**

Recommendations:

- 1) Develop an inclusionary zoning policy.
- 2) Changes to the condominium conversion policy in order to
 - a. protect rental housing;
 - b. strengthen protections for renters;
 - c. prevent displacement; and
 - d. create housing that is affordable for all income levels.
- 3) Expand resources and funding for affordable housing.
- 4) Review and strengthen institutional mechanisms to implement housing policies and programs with a focus on affordability by
 - a. appointing Oakland Housing Authority (OHA) Commissioners with experience in affordable housing development and a commitment to affordable housing;
 - b. restructuring the City of Oakland Community Economic Development Agency (CEDA) to have a separate housing and community development department so that housing is a priority; and
 - c. strengthening relationships between CEDA and OHA to collaborate and achieve more affordable housing.
- 5) Review and develop an industrial land conversion policy to prioritize industrial retention and prioritize rezoned industrial-to-residential land for affordable housing.
- 6) Prioritize the allocation of public funds to those with the greatest housing need as first priority.
- 7) Create mixed-income developments based upon successful models throughout the country, and create community benefits policies for large developments.
- 8) Ensure housing solutions address homelessness.
- 9) Strengthen the rent control law.

TOPIC

Housing

Question

How can Oakland have housing which is decent and affordable for residents at every level of wealth and income?

RECOMMENDATION 1

Background

Develop an inclusionary zoning policy.

Oakland is the only city in Alameda County that does not have an inclusionary zoning (IZ) policy. Both in California and around the country, IZ has become a standard tool of proven effectiveness in producing affordable housing while engaging the private sector in helping to meet the affordable housing need. IZ also provides for economic integration of affordable housing into new market-rate developments. Since 1999, over 2,000 units of market-rate housing have been built in Oakland. Thousands more are in the pipeline. The vast majority of these projects do not include any affordable units. Where there are affordable units, it is only because of substantial public funding. The lack of an inclusionary zoning policy squanders opportunities for community benefits, exacerbates economic segregation, and promotes divisive time-consuming battles which ultimately delay development and raise per unit costs each time a large development is proposed.

Proposed Policy

The City should adopt an inclusionary zoning ordinance that requires developers to provide affordable units without public subsidy.

The policy should be designed based on the following guidelines:

1. The City should not allow private developers of market-rate housing to use public funds to meet their affordable housing obligations.
2. The IZ policy should include all developments with 10 units or more.
3. To address the greatest housing needs in Oakland, the affordable units should meet the needs of the lowest income communities, with a priority toward producing a portion of the units for extremely low-income households.
4. Because inclusionary housing programs typically cannot feasibly target extremely low-income households, in lieu fees should be dedicated to build affordable housing for the lowest income communities, with a priority placed on units for extremely low-income families. the fees should be set at the actual subsidy amount needed to create an affordable unit.
5. The IZ policy should effectively balance the goals of maximizing production of affordable units for very low- and extremely low-income families while creating economically integrated communities. The policy should provide an incentive structure for developer options (on-site, off-site, and in lieu fees) that helps to foster this balance.
6. The policy should be re-evaluated each year with community oversight to ensure that the policy is meeting the priority goals.
7. The policy should be implemented on May 1, 2007, exempting only those projects that already have vested rights.



The implementation of this policy will have no direct cost to the City's budget.

We propose that the Mayor **take action within the first 30 days of office in order to have a policy implemented on May 1, 2007**, exempting only those projects that already have vested rights. For many years, and particularly in the last year and a half, inclusionary zoning has been publicly debated and discussed. CEDA staff has prepared a series of reports on IZ, the last of which was submitted on April 25, 2006.³ In the summer and again in the fall, an inclusionary zoning ordinance was considered before City Council. In both of these proposed ordinances, the implementation start date is May 1, 2007, so that market-rate developers have had adequate time to prepare for this implementation date. Due to the extensive interest, study and scrutiny of this policy, general agreement about its parameters, and its support by a broad majority of Oakland residents, this implementation timeline is both reasonable and imperative. However, given the heated controversy surrounding the issue, we propose that the Mayor win the support of the City Council or initiate a ballot measure in which the voters can decide.

Changes to the condominium conversion policy to

- a. **protect rental housing;**
- b. **strengthen protections for renters;**
- c. **prevent displacement; and**
- d. **create housing that is affordable for all income levels.**

RECOMMENDATION 2

The original Condominium Conversion Ordinance was adopted in 1981 in response to a wave of speculative investment at the time in Oakland apartment building purchases, together with widespread conversions of rental housing into condominiums. A major finding of the Community Development Agency in support of the proposed new law observed that *"by 1980, one-quarter of all rental units in the Lake Merritt area had been converted, in addition to rapid turnovers in Adams Point, Gold Coast, and Piedmont Avenue neighborhoods."*

Background

The Condominium Ordinance was promulgated to achieve the objective – often stated in the General Plan, the Housing Element, the Residential Rent Ordinance, and numerous city documents – **that Oakland's existing stock of rental housing is a critical and valuable resource that must be preserved.**

In implementation, the ordinance requires for each apartment proposed for conversion, evidence that a new rental unit has been created in the City; and for designated "priority areas" (as listed above), the replacement unit is required to be within the same area as the proposed conversion. Following initial adoption, the ordinance was amended to allow – in other than priority areas – conversion of buildings with four or less apartments **without** having to meet the one-for-one replacement requirement. Until recently, even with the relaxed amendments, the condominium ordinance has generally functioned to protect and preserve Oakland's existing stock of rental housing.

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Housing



³ http://www.oaklandnet.com/government/hcd/policy/docs/inclusionary_zoning_rpt_April_6006.pdf

RECOMMENDATION 2 Background continued

The current provision allowing conversion of buildings with four units or less with no replacement housing mitigation, in other than defined impact areas, has revealed an unanticipated “loophole” that is fast changing the diversity of Oakland’s historical housing mix. While relatively few of these “no replacement” conversions (approximately 300 apartments since 1981) had occurred in previous years, as of the last two years, the pace has skyrocketed, such that the 2006 year is on track to result in more than 400 rental units being lost through conversion. In some neighborhoods, four-unit apartments as rental opportunities are fast being replaced by an influx of new condominium property owners.

Oakland is predominately a working class city. Sixty percent of residents are renters with a median household income between \$35,000 and \$40,000 annually. At this income, the average household can afford a monthly rent of about \$900 - \$1,000, although the HUD Fair Market Rent for a two-bedroom apartment is \$1,238. Comparatively, the housing burden for the average converted condominium – projected to cost about \$375,000 – will run \$2,500 to \$3,000 per month. It is immediately clear that converted condominiums are not a viable housing option for the vast majority of Oakland households.

Since adoption of the Condominium Ordinance, changes in state and city laws, including the Costa-Hawkins Rental Housing Act, Ellis Act, and Just Cause Eviction Ordinance, may have unstudied impacts on the original law. These newer developments make it necessary to review the 25-year ordinance for updates, where relevant and necessary. However, caution must be exercised to ensure against gutting the ordinance of its initial objective of rental housing preservation, which remains an even more urgent need today. The report by CEDA staff dated November 14, 2006 provides a broad overview of the complexities surrounding condo conversions.⁴

Proposed Policy

The City should strictly limit condo conversions to avoid the loss of the City’s rental housing stock.

The policy should be designed based on the following guidelines:

1. No net loss of rental housing anywhere in the City. No conversion of rental housing to condominiums unless an equal number of rental units are created elsewhere in the City. Also, retention of the designated “impact areas,” and their special restrictions.
2. No more than 100 units may be converted in a year.
3. The above provision may be revisited if certain indicators show significant reduction over time in the demand for rental housing, i.e., vacancy rates, waiting lists for public housing/Section 8, percent of renter households paying >30 percent income for rent, percent of Oakland residents with incomes below 50 percent AMI.
4. A newly constructed condominium project may NOT generate conversion rights even if the units will be offered as rental housing for some interim period; and no affordable housing developments funded or regulated by city or other public financing can be used to generate conversion rights.

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⁴ <http://clerkwebsvr1.oaklandnet.com/attachments/14912.pdf>

5. Existing tenants get right of first refusal for converted units, and at 10 percent below purchase price; and current Oakland residents should be designated second preference to purchase conversions, consistent with fair housing laws.
6. Existing tenants not purchasing their unit shall receive: a) payment of actual moving costs; b) relocation assistance of six months rent at current rent level; and c) referrals to at least three comparable, available rental units in Oakland.
7. Require that 75 percent of tenants in the building must express interest in converting to condominiums; in buying their units; demonstrate financial capability, and sign forms committing them to purchase.
8. Require lifetime leases for people with disabilities similar to leases already provided to seniors.
9. In addition to direct payments to affected tenants, significant fees for each converted unit, shall be assessed and paid into an affordable housing fund, and earmarked to aid construction of new affordable rental housing.
10. Increased protections for tenants notified of "intent to convert" by ensuring that they cannot be evicted by mere service of intent to convert, but only upon issuance of the "final subdivision public report;" and that tenant shall retain full rights and tenant appeals during the conversion process.
11. Planning Commission approval of all applications for conversion.
12. Extension of the City's "First Time Homebuyer" plans on a priority basis to tenants who desire to purchase their apartment, as well as for tenants who cannot afford to buy their present unit.
13. Encourage "limited-equity" and "no-equity" cooperatives, as desirable ownership options.

Implementation of improvements to the condominium conversion policy will have no direct impact on the City Budget.

Within the first 100 days, the Mayor should work with community-based and tenant's rights organizations to conduct community education, and to obtain community feedback on how present policies are impacting their housing experience. Following which, the Mayor should urge the City Council to strengthen the existing ordinance in accord with some or all of the above recommendations. Until the current ordinance is strengthened, or if major changes are proposed to further weaken restrictions on condominium conversions, the Mayor should call for a full environmental impact report which would include examination of the socio-economic and environmental impacts due to physical displacement, including secondary social, health, economic, and demographic impacts, or changes that otherwise reduce the City's existing stock of affordable rental housing.

Financial Impact

Implementation Timeline and Strategy

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Housing



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RECOMMENDATION 3

Expand resources and funding for affordable housing.

Background

The Bay Area is one of the most expensive regions in the country. The City lacks adequate funding to fully meet Oakland's affordable housing needs. A combination of rising rents, condominium conversions, and new residential development dominated by production of high-end, market-rate housing threatens to gentrify Oakland's neighborhoods, displacing working families and seniors. Such gentrification typically hits communities of color hardest, literally threatening to change the face of Oakland. Evidence has emerged to document this pattern, including current Oakland Unified School District demographic studies that document declining enrollment. One study, the 2005 American Community Survey, even suggests that Oakland's African American population has already declined by as much as 25 percent in the last five years. In response, the City must develop housing policies that protect Oakland's racial and economic diversity.

The City needs new sources of revenue to support the construction and preservation of affordable and public housing without overly burdening Oakland taxpayers, and without draining City programs and services meant to serve those most in need. More local funding for affordable housing is needed to leverage additional state, federal and private equity to strengthen and anchor Oakland's communities. Competitive allocation of these funds is also needed to ensure that the funds are used efficiently and best meet Oakland's priority housing needs. In contrast, when City resources are allocated to a small handful of large-scale redevelopment projects in a closed, non-competitive process, the resulting extremely high per unit development cost reflects an inefficient use of scarce local affordable housing funds.

Because community-based non-profit housing development organizations produce virtually all of the new housing affordable to low- and very low-income Oakland residents, the City needs to commit resources to strengthen its local non-profit development capacity. These organizations develop, own and operate their buildings to ensure that they are well-maintained community assets for many generations. Non-profits have constructed or rehabilitated close to 4,000 affordable homes for families, seniors, and special needs populations in Oakland in the last 20 years.



The City should seek new sources of funds for affordable housing, competitively allocate these funds, and commit resources to strengthen its local non-profit development capacity.

Policy mechanisms for generating new affordable housing funds should include:

1. Increasing the Redevelopment Low-Moderate Housing set-aside from the tax increment from 25 percent to 35 percent, with incremental adjustments up to 50 percent when feasible as current debt obligations are retired. *Based on CEDA staff projections, increasing the set-aside to 35 percent would add approximately \$8 million additional dollars per year for a total of over \$28 million annually of tax increment low-mod housing funds.*
2. Increasing the commercial linkage fee to at least \$12 per square foot, eliminating the hotel exemption, and considering eliminating the retail exemption in favor of a reduced retail commercial linkage fee. *The updated projection of additional funds that would be raised should be determined by CEDA staff. Based on the 2001 study, the proposed fee is at the low range of the justifiable nexus fee supportable under consistently conservative assumptions.*⁵
3. Dedicating condo conversion fees to affordable rental housing through the Affordable Housing Trust Fund. *The projection of additional funds should be determined by CEDA staff.*
4. Dedicating a portion of Port of Oakland revenue sharing to affordable housing. *Funding projections and economic impact should be determined by CEDA staff.*
5. Initiating a campaign for a General Obligation Affordable Housing Bond. *Amount of the bond would be determined by the campaign.*
6. Requesting additional housing funding from state and federal government agencies, and Congress.

Policy mechanisms to competitively allocate funds should be as follows:

The City should allocate housing funds based exclusively on the Notice of Funding Availability (NOFA) process. Competitive allocations ensure that the funds are used more efficiently and are directed to those projects that best meet Oakland's policy objectives. Affordable housing intended to meet Redevelopment Agency obligations or negotiated as part of a larger, market-rate development should also be funded via a competitive NOFA process.

In order to ensure the continued viability of the City's non-profit development capacity, the City should:

1. Provide organizational funding for non-profit development agencies, for example through the CDBG program, to ensure their continued and stable operation;
2. Reinstate the site acquisition loan program. This program, funded with proceeds of a bond issue in 2000, enabled affordable housing developers to secure site control quickly in a competitive housing market.

⁵ http://oaklandnet.com/government/hcd/policy/docs/linkage_followup.pdf

Financial Impact
Implementation
Timeline and
Strategy

- 3. Exempt affordable housing developments owned by limited partnerships with non-profit general partners from the City’s business license tax, just as other non-profit owned businesses are exempted.

To be determined upon completion of staff reports.

The Mayor should immediately request from CEDA policy and economic analysis reports and proposals to codify these policies. Within the first six months, the Mayor should build support for these policies among City Council members and a broad base of business and community organizations and leaders.

RECOMMENDATION 4

Review and strengthen institutional mechanisms to implement housing policies and programs with a focus on affordability:

Background

Devising solutions for Oakland’s multifaceted affordable housing crisis requires a higher level of government collaboration, accountability, and participation of city agencies, including the Redevelopment Agency, the Oakland Housing Authority, and Alameda County agencies. Institutional reforms could increase efficiency, creativity and cooperation, as well as uplift affordable housing development as an independent priority and focus.

Proposed Policy

A. Appointment of Oakland Housing Authority (OHA) Commissioners with experience in affordable housing development and a commitment to affordable housing.

Appoint members of the OHA Board of Commissioners who have strong backgrounds in affordable housing development and policy issues, with a strong commitment to excellence in property management. Two tenant positions have expired which should be filled immediately.

B. Restructure CEDA to have a separate housing and community development department so that housing is a priority.

The Community and Economic Development Agency (CEDA) has been restructured several times in the last 10 years. Currently, the housing staff is located within a CEDA structure where housing and community development issues are subsumed by redevelopment and economic development issues and funding priorities. The City should restructure CEDA to elevate housing as a City priority by creating an independent Housing and Community Development Department.



C. Strengthen relationships between the City of Oakland CEDA and OHA to collaborate and achieve more affordable housing.

OHA owns and operates more than 3,300 units of public housing, and manages a Section 8 voucher program serving more than 11,000 Oakland households. In recent years, OHA has successfully secured HUD funding, which combined with City funds has enabled the rehabilitation and reconstruction of several of the oldest and largest public housing complexes in Oakland. The Housing Authority is struggling to address deterioration and crime problems in many of its smaller 10- to 30-unit sites around the City. These sites suffer from a lack of on-site management, become focal points of the social problems in surrounding neighborhoods, and fuel community skepticism toward proposed new affordable housing developments.

In order to strengthen the partnership between the City and the Oakland Housing Authority, the City should:

- a) Work with OHA to address problems in the scattered site properties, ensuring that city staff, community residents, OHA residents, and Housing Authority management are working together.
- b) Ensure transparency of public agency decision-making and good public access to information. For example, co-sponsor with OHA well-publicized semi-annual affordable housing fairs to encourage the public to meet representatives of OHA and non-profit developers and learn more about affordable housing in their community. Assist OHA to have more district offices or office hours in neighborhoods throughout the City.
- c) Facilitate partnerships between OHA and both non-profit and private developers to include public housing in affordable and market-rate development, thereby promoting economic integration.
- d) Encourage the use of project-based Section 8 vouchers in all City-funded affordable housing projects, to the extent feasible, by combining the OHA application process for project-based vouchers with the City’s annual Notice of Funding Availability, as has been done for the past two years. This will maximize resources to ensure that City-funded developments serve those most in need.
- e) Work with OHA to maximize the use of U.S. Department of Housing and Urban Development (HUD) resources leveraged with other state or local funds.

**Implementation
Timeline and
Strategy**

RECOMMENDATION 4 continued

Proposed policies A and C would not have a direct impact on the City Budget. Proposed Policy B would require additional funds for the position of a department or division director. Given the continued integration of redevelopment, economic development, and housing and community development departments and programs, additional administrative costs could be minimized.

- A. The Mayor should immediately identify and appoint qualified Commissioners.
- B. The Mayor should immediately plan for the restructuring of CEDA by meeting with CEDA staff.
- C. Within the first six months, the Mayor should initiate an assessment and planning process with CEDA and OHA, and include non-profit and private developers, community groups, and community and OHA residents.



Review and develop an industrial land conversion policy to prioritize industrial retention and prioritize rezoned industrial-to-residential land for affordable housing.

Oakland is considering a proposal to rezone hundreds of acres of industrial land to residential use.⁶ In order to create housing affordable to all income levels, we need more land for housing, but we also risk losing existing workplaces on rezoned sites at a time when jobs are leaving the area. Because increasing incomes increases the ability to afford housing, Oakland needs to retain well paying industrial jobs. How then do we increase the number of sites available for housing without contributing to further loss of good jobs and undermining the potential for new businesses to move to Oakland?

The City should limit the conversion of industrial land to ensure that economic development opportunities can be created to increase jobs and incomes.

The policy should be designed based on the following guidelines:

1. Protect sites that either:
 - Contain existing businesses that provide or have the potential to provide jobs for Oakland residents; or
 - Have high potential for future commercial/industrial use and employment opportunities for living wage jobs.
2. Permit conversion to residential use only if:
 - The site is found to be appropriate for housing development using criteria discussed in the City's housing element;
 - At least 25 percent of the units will be affordable to low-, very low- and extremely low- income households through a zoning overlay or a new residential zoning category for rezoned sites; and
 - Zoning controls allow for preservation of light industrial uses that are compatible with housing.
3. Prohibit conversions of land in the Mandela Parkway and San Leandro corridors other than in exceptional circumstances in order to ensure that Oakland retains enough industrial land to provide badly needed jobs in those areas.

The proposed policy will not have a direct impact on the City Budget.

Industrial land protections should be implemented immediately. Over the course of one year, the Mayor should direct CEDA staff to assess industrial viability and residential appropriateness based on the above criteria and conditions.

Background

Proposed Policy

Implementation Timeline and Strategy

Financial Impact

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Housing



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⁶ http://www.oaklandnet.com/government/ceda/revised/planning/zoning/Commission/ZONING_UPDATECOMMITTEE_DEC13THSTAFFREPORT.pdf

RECOMMENDATION 6

Prioritize in proportion to need, the allocation of public funds to those with the greatest need as first priority.

Background

Our housing crisis demands a response driven by our values as members of this community. Oakland must recognize that the lowest income residents among us are most impacted by our housing crisis, and that our public funds should be directed to meet the basic housing needs of Oakland's low-income communities. We must acknowledge that gentrification is displacing low-income people and people of color from our neighborhoods, and resolve to reverse this trend.

Housing insecurity affects not just extremely low-income households, but also the majority of Oakland's working families and retired senior citizens. The majority of Oakland's residents, and the vast majority of its renters, are low-income and earn at or below 80 percent of the Area Median Income (AMI) or \$66,000 or less for a family of four. Renter households face the greatest insecurity, with an average income of \$30,000 compared to \$62,000 for owner households, according to Oakland's 2004 Housing Element Update. Moreover, the lowest-income of these families and seniors face the toughest odds obtaining and keeping affordable housing. In response, the City must aggressively pursue housing and zoning policies that address the housing insecurity of the City's existing communities, from low-income working families and retired seniors to very low-income and extremely low-income households.

Proposed Policy

The City's housing funds should be targeted to very low and extremely low income families.

Generate new or additional funds for the Affordable Housing Trust Fund and dedicate these funds to families at 60 percent of area median income (AMI) and below (about \$50,000 for a family of four), with a substantial portion of the funds dedicated to extremely low-income families at 30 percent AMI and below (about \$25,000 for a family of four). The Oakland Redevelopment Agency Low-Moderate Housing set-aside funds should also be dedicated for households with incomes below 60 percent AMI, with preference for households below 30 percent AMI. Public funds should serve those with the lowest incomes and greatest needs.

Financial Impact Timeline

The proposed policy will not have a direct impact on the city budget.

Within the first 100 days, work with community organizations and leaders to champion this position, and work with the City Council to pass a resolution forwarding this policy.

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Create mixed income developments based upon successful models throughout the country and create community benefits policies for large developments.

The vast majority of the City's affordable housing units for low-income people are located in the flatlands. There has been vehement resistance to creating affordable housing opportunities in Oakland's higher-income neighborhoods, particularly in the hills above I-580. The consequence has been an over-concentration of poverty in certain neighborhoods, economic segregation and exclusion, and disparate urban amenities and services. In response, the City's policies must ensure that housing affordable to low-income residents is available in all Oakland neighborhoods; must require inclusion of affordable units in all new market-rate developments; and must balance the efficient use of public funds with the goal of fostering economic integration.

Too often, private developers have received government subsidies and tax breaks for large real estate development projects without directly contributing to Oakland's public good. While real estate development is welcomed, it must incorporate community benefits, such as local hiring provisions, prevailing wages, affordable housing, and community services.

The City should enact policies to promote mixed-income development and require community benefits agreements.

Promote mixed-income developments through policies such as inclusionary zoning and increasing the capacity of non-profit housing developers. Require that large real estate developments provide a strong package of community benefits.

The proposed policy will not have a direct impact on the City Budget.

Within the first 100 days, work with community and labor organizations to develop and promote these policies, and work with the City Council for their passage.

Background

Proposed Policy

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Housing



Ensure housing solutions to address homelessness.

Background

There is a tremendous need for affordable housing. On October 31st, 2006, the *Oakland Tribune* reported almost 150,000 homeless children in California in 2004–5 and that approximately one percent (361,000) of California’s population is homeless at any point in time. The last homeless count in May 2004 identified almost 6,000 homeless people in Oakland. Over half of Oakland’s population qualified as “very low income” in 2000, and 37 percent qualified as very low income. Thus, the “housing wage gap” is severe: A person working full-time needs to earn at least \$23.80 per hour or almost \$50,000 per year to afford a two-bedroom apartment paying no more than 30 percent of income for rent. Mental health, substance use, and other disabilities often compound issues of poverty. Ending homelessness requires the provision of supportive and affordable housing and services for a broad spectrum of individuals and families.

Multiple studies have shown that supportive housing is less costly in human and financial terms than the alternative: people living on the streets and shelters; cycling in and out of emergency rooms, hospitals, and jails; and managing continuous crises and disruptions. Supportive housing and other housing first solutions are a proven method of breaking the cycle of homelessness.⁷

Proposed Policy

A. The City should prioritize permanent supportive housing development, and continue to strengthen its collaboration with County agencies.

The City’s should continue to prioritize funding permanent supportive housing developments serving homeless and special needs populations. The City should continue its leadership and coordination with the County-wide Multiplan, “EveryOne Home: Ending Homelessness in Alameda County,” to identify additional resources to fund supportive housing.⁸

B. Single Room Occupancy Hotel Preservation: The City should protect and improve Oakland’s SRO housing stock as a vital resource to prevent homelessness.

Single Room Occupancy (SRO) hotels provide an essential affordable housing resource for approximately 2,000 of Oakland’s lowest income residents. The hotels serve a varied population including low-wage workers and people with substance abuse and/or mental disabilities who benefit from the social services provided onsite or nearby. Downtown hotels purchased and rehabilitated by non-profit developers in the 1980s and after the 1989 Loma Prieta earthquake provide about 600 SRO units. These hotels typically provide supportive services and serve extremely low-income residents (below 30 percent AMI with an income below \$18,000 for a single adult) with one or more disabilities. In recent years, some for-profit owners have tried to convert these buildings to other uses, prompting the enactment of and amendments to a city ordinance regulating such conversions.

1. Ensure continued viability of SROs as decent affordable housing by:

- a) Coordinating with OHA to secure Section 8 operating subsidy for all SRO units, with “studio” as opposed to “SRO” rent levels for units that qualify;



⁷ <http://www.cash.org/index.cfm?fuseaction=Page.viewPage&pageId=42&nodeID=81>

⁸ http://www.aidshoursing.org/ahw_library2275_show.htm?doc_id=300371

- b) Coordinating with County Mental Health/Public Health and other appropriate agencies to fund social services on an ongoing basis;
- c) Establishing a city source of funds which could be used for rehabilitation needs and/or operating deficit reserves for SROs which have been in operation for more than 10 years whose owners commit to maintaining units affordable to extremely low-income people for at least 55 more years;
- d) Assisting projects in applying for Mental Health Services Act funding where appropriate; and
- e) Requiring semi-annual city code enforcement inspections to ensure that the buildings are maintained adequately.

2. Strengthen regulations preventing the removal of SRO units from Oakland’s housing stock by amending OMC 17.102.230 as follows:

- a) Requiring that no SRO units be removed without the addition to the City’s housing supply of an equal number of replacement units at comparable size/amenities and actual rent. If the building is rehabilitated to be maintained as SRO/studio housing for extremely low-income people for at least 55 years, some reduction of units could be allowed as necessary to design more livable units, i.e. to add bathrooms to individual units or to achieve ADA compliance;
- b) Eliminating the current exemptions for: i) vacant or substandard units; ii) conversion in which “benefits to the City from the proposed demolition or conversion will outweigh the loss of a unit from the City’s housing supply;” and iii) conversion as part of rehabilitation project which would be economically infeasible without the nonresidential component; and
- c) Providing displaced tenants with placement in comparable and habitable rental SRO units elsewhere in Oakland, and relocation payments to tenants of one year’s rent.

To be determined by city staff of related agencies.

The Mayor should direct city staff and encourage stakeholders to implement Policy A immediately and ongoing. The Mayor or City Administrator should convene an SRO team of city agency staff, tenants, landlords, community organizations, and non-profit developers to implement Policy B.

Financial Impact Implementation

17
Housing



Strengthen the rent control law.**Background**

Oakland is comprised predominantly of tenants whose earnings are less than \$35,000 per year. Recent editions of the *Oakland Tribune* report that only 11 percent of the population in the East Bay now earn enough to qualify for a home purchase, and that increasing share of Oakland residents will become renters over the next decade. As a predominantly working-class city, renters comprise approximately 60 percent of the City's residents, and homeowners, 40 percent.

In 1980, responding to a severe rental crisis – vacancies below two percent, widespread evictions, and out-of-control rent increases that had persisted since the 1970s – Oakland adopted a “residential rent arbitration program.” From the beginning, the intent of the new rent program was not to stabilize the market, but only to limit the most flagrant abuses of the worst operators of rental housing.

Oakland has continued to suffer a sustained shortage of rental housing. (HUD and the Association of Bay Area Governments have proclaimed that Oakland has an unmet annual housing need of 4,400 affordable units.) Each year since 1980, the annual postal survey has recorded a vacancy rate no higher than three percent. The HUD vacancy standard for a healthy rental market is five percent or more; less than five percent is defined as a rental crisis.

Throughout its existence, the City's rent program has had limited impact on the general rental market. Unlike many jurisdictions, Oakland's program is designed to address only “excessive” rent increases. In order to obtain a hearing, tenants are required, within a limited period of time, to initiate a complaint petition against their landlord – which, for the great majority of tenants, is a most daunting and frightening challenge. Over the many years of the program, information has been rarely disseminated. Few tenants (or landlords) know about the program, or how to access it, and throughout its history, utilization of the program by tenants has been severely limited – with tenant petitions never having exceeded one-half of one percent annually of the City's 88,000 rental units.

Under the present ordinance (Rent Adjustment Program – RAP), Oakland's rental market continues to experience widespread shortages, excessive increases, profit-motivated evictions, and unchecked tenant abuse. To protect against rental instability, and to provide a rental program that is fair and equitable to both landlord and tenant, substantial changes need to be made in the current residential Rent Adjustment Program.

Positive changes are needed to make Oakland's Rent Ordinance fair, equitable, and more understandable for both tenants and owners.



- A. Establish a rental registry of “legal rent” amounts, which information would be publicly accessible.
- B. Require that landlords must initiate petitions in order to increase rents above the “annual allowable adjustment” (consumer price index, modified).
- C. Eliminate “banking,” “debt service,” and “deferred maintenance” as reasons to raise rents.
- D. Limit “capital improvements” pass-through to 50 percent and require that “capital improvements” be amortized over the expected useful life of the improvements.

[Note] Capital improvements are important for property maintenance, upkeep, and neighborhood pride, and should be encouraged. On the other hand, capital improvements primarily benefit the owner in increasing the value of the property, and are a direct write-off against the owner’s income taxes; perks in which the tenant – who ultimately foots the bill – does not share. Capital improvements decisions are also made autonomously by owners with no ability of the tenant to affect the decision. Thus extravagance should be discouraged. In view of these considerations, it seems reasonable that the total cost of capital improvements should be shared equally by both owner and tenant.

Financial Impact

Implementation
Timeline and
Strategy

- E. Reinstate Section 8 housing as “covered units” under the rent ordinance.

[Note] In about 2000, the federal Section 8 program was amended by Congress to loosen local housing authority control on eviction protections and amount of rent paid by the tenant after the first year of a Section 8 contract. In 2002, the City Council exempted Section 8 tenants as a covered class under the Rent Adjustment Program, which severely harmed second-year and beyond Section 8 tenants.

- F. Reinstate 2 and 3 unit, owner-occupied buildings under the rent law.

[Note] In 2002, in an erroneous comparison to the Just Cause Initiative Ordinance, the City Council exempted two and three-unit owner-occupied buildings from the Rent Adjustment Program. (According to the 2000 Census, 11,478 apartments are in 2 unit buildings, and 17,494 apartments are in three and four unit buildings. Extrapolating for owner-occupants, and discounting for four-unit buildings, leaves about tens of thousands of rental units that prior to the exemption were subject to the rent program.) This wrong-headed exemption affects some 15,300 rental units, and abandoned about 14,000 tenants with no recourse to the meager protections of the Rent Adjustment Program

- G. Limit the period of exemption on “substantial improvements.”

- H. Require payment of “interest” on security deposits.

RECOMMENDATION 9
Proposed Policy
cont.

- I. Require that rent program notices be available in all major languages spoken in the City.**
- J. Required landlords to inform tenants – before entering into a tenancy – if the rental unit is “exempt” from the rent program.**

Implementation of improvements to the Rent Adjustment Program will have some impact on the City Budget. Implementing and servicing the rental registry will require approximately 0.5 FTE. Changing from a tenant-driven process to a landlord-driven process, and reinstating Section 8 and two and three-unit buildings will at least triple the number of petitions processed, and will require approximately 2.0 FTE. The annual “rental service fee” paid 50 percent each by both landlord and tenant can be adjusted to reflect the additional costs to administer the program. The program thus can be self-sustaining.

Over the course of one year, the Mayor should convene workshops in various parts of the City to present proposed modifications and to obtain community feedback on these and other presented proposals. Following which, the mayor should urge the City Council to strengthen the existing Rent Ordinance in accord with the recommendations that are endorsed by the community.



“Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services...”

– United Nations Universal Declaration of Human Rights

The above recommendations will need courageous and bold leadership. The City of Oakland can and should lead the effort to chart a new course of responsible public policy for housing and ensure our community remains both economically and racially diverse.

The City of Oakland must also use all of its public policy resources including zoning, planning, redevelopment and social services to further the aim of creating affordable housing for all income levels. Rental housing and home ownership are both important forms of housing and they must be utilized through responsible public policy, based upon our core values of fairness and equity.

This represents a major shift in housing policy from a speculative development to people-oriented and sustainable development.



Minority Report on Condo Conversions in the City of Oakland.

According to the City Web site, the area median income (AMI) for a one-person household in Oakland is \$52,200 gross per year. Assuming that person is willing to spend 40 percent of their gross income on housing, someone at this income level can afford a \$275,000 mortgage, not accounting for HOA fees. The California Association of Realtors reports that as of September 2006, the median price of a home in Oakland, derived from all types of home sales – new, existing, condo, and single family, is up five percent from last year to \$507,000. Only 41 percent of residents in Oakland own their homes. Construction and land costs being what they are, converting existing buildings into condos may be the only viable way to provide ownership opportunities which are affordable to the majority of our population.

Like all things, condo conversions can be done responsibly, or irresponsibly. We have seen a little of both in this city. Some developers have made great efforts to offer affordable pricing and discounts to tenants who purchase their unit. The vast majority of converted units are sold at market rate, competing at the price point of the resale and new construction market, but with a higher profit margin. In addition, nearly two-thirds of condo conversions in 2005 were located in North Oakland and East of MacArthur Blvd., areas which already have higher than average ownership ratios. Many renters have expressed frustration that the recent rise in condo conversions depletes the availability of rental housing, a valid concern when the impact is concentrated on specific geographic areas which already have a limited supply of rental units. This issue has been of great debate among members of the Affordable Housing Task Force and the majority of Task Force members voted to recommend stricter regulation of condo conversions. Yet complicated restrictions, “in lieu” fees, and exchange units do very little to encourage responsible condo conversion in Oakland.

Council Members Brooks, Cheng, and De La Fuente recently presented CEDA a proposal, which would allow a larger scale of condo conversion. Soon, it will be presented to the City Council. This proposal is presented as an attempt to raise the home ownership ratios in Oakland to 50 percent, bringing us closer to the Bay Area average. Yet the proposal misses the point entirely, providing no guarantee that a condo, once converted, will be affordable to the tenant. As a concession to public concern, the authors have added further landlord requirements, which will increase the cost of conversion. These costs will likely be passed on to buyers.

There must be regulations and guidelines for condo conversion. Those regulations should be clear, simple, and directly linked to the outcome we wish to produce. If our goal is to turn renters into buyers, those renters must be able to afford the condos we are creating. We can preserve affordable rental properties and create home ownership opportunities for families at and below AMI. The key is to stop modeling ourselves after San Francisco and listen to the needs of our community. We must prioritize affordability as defined by AMI and make sure that the development we are approving is financially accessible to Oakland residents.



- 1.) Limit the number of units per year, which may be converted and ensure that conversions are evenly distributed across the City.
- 2.) Cap the sale price of converted condos to ensure that the price per bedroom is affordable as per the AMI of an Oakland family who would buy that size unit. This will allow more people to utilize Federal housing assistance programs, which have loan limits far below Oakland's median sale price.
- 3.) A long-term lease option at the current rate of rent, plus two percent inflation per year, for any tenant who is over 60 or disabled.

Condo conversion can make ownership a possibility for a greater number of people. It can be a tool to raise the owner occupancy of our neighborhoods and sustain the value of real estate creating more first time home buyers. Conversions give investors and local developers a greater opportunity to be involved in the development of our City. Ownership protects long-term residents from inflation and many people could not afford to live here today were it not for the house they bought years ago. Condo conversion is only one aspect of infill development, but it holds immense potential to change the face of this City, for better or for worse.

Minority Report on Restructuring CEDA in the City of Oakland.

CEDA already has a separate housing and community development division. From the CEDA Web site, "HCD is responsible for managing HUD grant programs, developing housing policy and information and administering the Rent Arbitration Ordinance. There are five sections within the division.

VISION

Everyone will have decent and affordable housing in healthy, sustainable neighborhoods with full access to life-enhancing services.

MISSION

The Housing & Community Development Division supports

- the creation and preservation of decent affordable housing;
- organizations that provide shelter and services to prevent and reduce homelessness; and
- organizations that provide economic development, public facilities, infrastructure, and social services for low and moderate income communities.

The Task Force proposal, as it was vaguely articulated to the group, would split this housing component from CEDA entirely, ostensibly to give focus and priority to housing. In effect (if this is indeed the plan), a new bureaucracy would be created, separate from the existing CEDA bureaucracy. This new bureaucracy would need to be funded. It implies a separation and distance from other development activities that would work against efficiency and synergy. It also implies duplication of activities. Many new developments feature ground-level commercial activity with condos above, or live/work units. It would be very difficult to have housing development and commercial development managed by different agencies, yet effectively develop these types of projects. Planners and developers would now have to interact with two bureaucracies instead of one.

**MINORITY REPORTS
POLICY
RECOMMENDATION 4b**



MINORITY REPORTS
POLICY
RECOMMENDATION 6

MINORITY REPORTS
POLICY
RECOMMENDATION 9

The underlying agenda, one might guess, is that some Task Force members are displeased with the current management of CEDA and therefore want to reduce the scope of the department and put its housing functions under new leadership. The obvious, more effective way to accomplish this is to restructure current appointments in CEDA management. The direction of CEDA can be changed within its current structure. It is appropriate, and expected, that an incoming mayor would make such changes in departmental leadership.

In short, under the task force proposal, taxpayers would be paying for two separate agencies where one exists today, without any clear benefit. Additional red tape would delay new projects and would increase their cost. There is no compelling reason to cavalierly make such a change. Instead, the department should be placed under leadership that understands and can implement the new administration's priorities.

Prioritize in proportion to need the allocation of public funds for housing for those with the greatest need.

The majority would spend available public funds for housing to support extremely low and very low income Oaklanders and rely on market forces to take care of those of low and moderate income. This is a bad idea for several reasons.

Public funding from Federal sources, such as HUD is stagnant, if not declining. The Task Force identified tax increments in the redevelopment areas as a likely source of funding for affordable housing. Some redevelopment plans (West Oakland, for example) have restrictions that require the tax increment generated from their area to be used within that area. To require that tax increment to be used for those of the lowest income will therefore continue to concentrate low-income housing in the poorest flatland neighborhoods. All areas of the City should benefit from low-income housing. Poor people should not be forced to live only in the most dangerous neighborhoods, nor in those that have the worst schools. Oakland is economically segregated and economic integration should be a cornerstone of housing policy.

The poorest areas of the City are redevelopment areas. The wealthy areas are not. If the financing of affordable housing is going to be done with the tax increment from redevelopment areas, it means the poorest people in the City are being taxed to pay for affordable housing, while the wealthier people are not contributing. To use public funds for this purpose implies that developers will not be required to contribute to these needs. Providing affordable housing should not solely be the responsibility of Oakland's poorest taxpayers.

Moderate-income Oaklanders are in danger of being left behind, as the market builds dwellings that are out of reach for all but those of the highest incomes. Considering recent price appreciation, our children will not be able to afford to live in Oakland, even if they have education and jobs. We need housing affordable to a broad spectrum of Oaklanders, not just the very rich and very poor.

There are additional, hidden costs involved in building housing for the very poor. Poverty frequently reflects any of a wide variety of social issues, such as inadequate education, old age, disability, drug dependency, broken families, incarceration, psychiatric disorder and racial prejudice. Poverty is mitigated with jobs. To truly assist the very poor, additional social services are required. Housing alone is just one aspect.



Comprehensive programs must be developed and funded.

For these reasons, flexibility should be retained to use public funds to build decent housing affordable to all income levels in Oakland and to fund other social needs.

Mixed Income Developments and Community Benefits Policies

“Create mixed-income developments by looking at models throughout the country and create community benefits policies for large developments.”

No one voted against this proposal, but there were several abstentions. This suggests that while there was significant support for these initiatives, there was also uncertainty about what they would involve, their cost and their impact on bringing suitable development to Oakland.

Who will identify development models to be studied? What costs are involved with traveling to view such projects, meeting with persons knowledgeable about them, and documenting the information gained? What standards and guidelines will be developed to analyze these projects by and who will create the pre-work? Such questions were not addressed by the group.

The need for community benefit policies is entirely separate from the first half of the proposal. There is no particular need to link this policy creation with studies of national mixed-income developments. Linking them creates confusion that led to some abstentions in the vote. The costs attendant to requiring community development policies needs to be carefully weighed against the benefits thereof. It might be counterproductive to increase project costs, if the result is that fewer affordable units are created, in order to make the project “pencil out”.

Strengthening The Rent Control Law

We applaud efforts to discuss rental housing policy in the City of Oakland. However, we must separate myth from reality. The Housing Committee had a lot of well-intentioned people who truly care about housing for all individuals in Oakland. The weakness of the Committee was lack of concrete information regarding what works in providing safe and affordable rental housing and what doesn't.

We have a lot of rental housing policy in Oakland. Unfortunately, it has made rental housing less affordable and the quality of housing has declined. African Americans are being displaced at an alarming rate by these policies evident by census data. In addition, very little rental housing has been built over the last 25 years. It is either low-income housing or upper-income condominiums with the middle class being left out in the cold.

Our point is that we should truly look at rental housing policy with an open mind and factual data to see what works and what doesn't. Our current rental housing policy and what is being proposed in the majority report excludes more people than it includes and will increase the scarcity of rental housing. We can only conclude that we will have less of it and higher rental prices if we continue these irresponsible policies.

MINORITY REPORTS POLICY RECOMMENDATION 7

MINORITY REPORTS POLICY RECOMMENDATION 9

25
Housing



**MINORITY REPORTS
POLICY
RECOMMENDATION 9
CONTINUED**

The process used to establish the majority report was fundamentally flawed. The majority report proposal (Strengthening The Rent Control Law) was voted on without discussion or even presentation of its specific details and more than half of those voting either voted no or abstained. Its details were never circulated in writing to members of the Task Force (who received extensive documentation of all other proposals under consideration). It was introduced by the “non-profit” subgroup and was not included in their interim reports. **The Dellums Task Force on Housing Policy Recommendations regarding strengthening the Rent Control law, includes drastic legal and operational changes in the law, without any supporting evidence of a need for these changes, with dubious estimates of their cost and no discussion of their consequences.**

The proposal points out that, during the more than twenty-five years since the Rent Adjustment Program was established, tenant petitions “never exceeded one-half of one percent annually of the City’s 88,000 rental units.” This is arbitrarily used as evidence of owner and tenant ignorance of the law (which has been widely publicized by the City, tenant activists and the Rental Housing Association over the years) and of tenant intimidation; the proposal also claims that “Oakland’s rental market continues to experience widespread shortages, excessive increases, profit-motivated evictions, and unchecked tenant abuse.” There is absolutely no evidence, either statistical or anecdotal, introduced in this proposal to support these serious accusations.

The most recent annual report of the Rent Adjustment Program, dated September 26, 2006, shows that the number of petitions shown a steady decrease, from about 600 in Fiscal Year 2000-2001 to 327 in Fiscal Year 2005-2006. It states, “Staff believes the cause of the decrease is a combination of increased landlord compliance and fewer and smaller rent increases due to economic conditions.” In reality, all available evidence suggests that the landlords and tenants are aware of the law, that tenants are not being evicted for profit or abused, and that the major changes suggested are totally unnecessary at best, and profoundly harmful to rental housing in Oakland at worst.

The first proposed policy, to establish a rental registry of “legal rent” amounts, would enormously expand the City’s Rent Adjustment Bureaucracy; the proposal asserts that establishing, maintaining, and updating this list (of 88,000 units) will require only one half of one full-time employee, which is difficult to believe and it is unnecessarily intrusive and a bureaucracy nightmare. In jurisdictions with rent registration, Berkeley and Santa Monica, the average rent board fee is \$143 per unit. In those without it, San Francisco, Oakland and Los Angeles the average rent board fee is under \$20 per unit.

The second policy would require that landlords must file petitions for any increase in rents above the annual allowable adjustment, e.g. for capital improvements or increased housing service costs. The increased complexity and required paperwork would be a significant burden on rental property owners, and discourage investment in, and improvement of Oakland’s aging rental housing stock. It would also increase the staff requirements and cost of the Rent Adjustment Program, almost certainly by more than the two full-time employees suggested by the proposal. The cost of these new employees would be passed on to owners and to tenants.



The third would eliminate “banking, debt service, and deferred maintenance” as reasons to raise rents; this would mean that any rental increase allowed but not taken in a given year could not be “banked,” but would be lost. It would force owners to raise rents each year in order to preserve these allowable increases, and would result in higher rents for tenants. No municipal rent control law in California forbids “banking.”

The fourth policy, limiting “capital improvements” pass-through to 50 percent of the cost of the work and requiring that “capital improvements” be amortized over the expected useful life of the improvements (instead of five years), would drastically lower the return on the improvements to properties and further discourage such improvements. Sixty-five percent of Oakland’s housing stock is more than 40 years old, and unless owners are allowed to receive a fair return on the money invested in improvements, it will inevitably deteriorate. This is clearly unfair and a recipe for unsafe and substandard housing.

Another change proposed is to eliminate the exemption from the Rent Adjustment Law for two and three-unit owner occupied buildings. Along with the other changes, this will inevitably result in the withdrawal of units in these buildings from the rental market and their sale to co-owners and tenants in common.

Still another change, to “limit the period of exemption on ‘substantial improvements,’” is presented with no explanation or clarification or justification. It refers presumably to an exemption from the Rent Adjustment Law for properties that have been substantially renovated and would discourage the necessary rehabilitation of badly deteriorated rental properties, while further limiting the availability of rental housing.

These proposed changes are major and harmful for which absolutely no need has been demonstrated. They would increase the burdens of regulation and paperwork for the owners of Oakland’s rental housing. These proposals would further discourage investment in rental property and badly needed repairs and renovation.

We feel future discussions should be focused on the following:

- On the poor and truly needy and a consideration to exclude high-income tenants through means testing
- Encouraging owners to invest in their properties with expansive capital improvements pass throughs
- Exempt small owners out of the complicated regulatory process
- Increasing the annual adjustment to 10 percent (original annual increase) so that other pass throughs are less necessary

We believe more dialogue is necessary and that the City should engage professional economists to help study the needs and policy requirements. We believe that the current basis for the rent ordinance is faulty and we need answers and policy with the underlining basis in concrete data and not anecdotal evidence. We need a more inclusive and less intrusive housing policy.

Attachment A:

Dellums Housing Task Force Vote Tally November 14, 2006

Proposal/Subject	Majority Report Team	Minority Report Team	Vote Count
1. Develop an Inclusionary Zoning policy.	Yes	No	Unanimous
2. Review Condo Conversion policy to protect rental and housing: <ul style="list-style-type: none"> a. Strengthen protections for renters b. Prevent displacement c. Affordable for all income levels 	Yes	Yes	21 yes; 4 no; 2 abstain
3. Expand resources and funding for affordable housing.	Yes	No	21 yes; 1 no; 3 abstain
4. Review and strengthen institutional mechanism to implement housing policies and programs with a focus on affordability. <ul style="list-style-type: none"> a. Appointment of OHA Commissioners with experience in affordable housing development and a commitment to affordable housing. b. Restructure CEDA to have a separate housing and community development department so that housing is a priority. c. Strengthen relationships between the City of Oakland CEDA and OHA to collaborate and achieve more affordable housing. 	Yes	Yes on #4b.	This report has several parts: #3. 27 yes; 1 abstain #3a: unanimous #3b: 20 yes; 4 no; 2 abstain #3c: 24 yes; 0 no; 2 abstain
5. Develop and review an industrial land conversion policy to prioritize industrial retention and prioritize rezoned industrial to residential land.	Yes	No	19 yes; 7 abstain
6. Prioritize in proportion to need, the allocation of public funds to those with the greatest need as first priority: Example: If 50 percent of residents make 50 percent of Area Median Income, than the first priority will be in this area of need first.	Yes	Yes	19 yes; 4 no; 1 abstain
7. Create mixed-income developments by looking at models throughout the country & create community benefits policies for large developments.	Yes	Yes	19 yes; 4 abstain
8. Ensure housing solutions to address homelessness.	Yes	No	17 yes; 4 abstain
9. Strengthen the Rent Control Law.	Yes	No Please note that this did not receive a 2/3 majority vote.	10 yes; 5 no; 6 abstain

**HOUSING
TASK FORCE
CONVENERS
AND PARTICIPANTS**

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