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AGENDA REPORT

TO: City Council and members of the
Public

FROM: City Councilmembers
Nikki Fortunato Bas and
Lynette Gibson McElhaney

SUBJECT: Interim Emergency Ordinance to
Temporarily Eliminate Exemptions

DATE: February 8, 2019

RECOMMENDATION

Councilmembers Bas and McElhaney recommend that the City Council adopt an interim emergency ordinance to temporarily eliminate the exemptions from the Rent Adjustment Ordinance (O.M.C. 8.22.030) for owner-occupied parcels with two or three units, consistent with the Just Cause for Eviction Amendment (Measure Y) recently adopted by voters.

EMERGENCY FINDING

Pursuant to City Charter Section 213, the City Council may introduce and adopt an emergency ordinance at the same City Council meeting by an affirmative six votes of the council.

The City of Oakland has been experiencing a severe housing crisis that requires action by City government. Low-income residents, many of whom have lived in Oakland for decades and make up the over 60 per cent of occupied housing units in Oakland that are occupied by renters (U.S. Census Bureau, ACS 2016), are being displaced at an alarming rate, and many cannot afford to relocate within Oakland. While the City Council completes its deliberations over the permanent reforms described below, the City needs a temporary emergency ordinance to mitigate the harm of speculators who subvert Oakland's tenant protection laws and contribute to destabilization of Oakland's neighborhoods and residents through rapidly escalating rents despite the clear intent of the City to regulate such practices.

In July 2018, the City Council placed on the ballot Measure Y, proposing to remove from the Just Cause for Eviction Ordinance exemption for owner-occupied two to three unit properties. In the July 5, 2018 agenda report for the Just Cause for Eviction Amendment (Measure Y), Councilmembers noted their intention to introduce a parallel ordinance to remove the Rent Stabilization exemption for owner-occupied buildings with three or fewer units. On November 6, 2018, Oakland voters passed Measure Y, which effectively

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eliminated the exemption for Just Cause for owner-occupied parcels with two or three units. At the January 29, 2019 public meeting of the Community & Economic Development Committee, the Committee forwarded legislation to the full council that would remove the exemptions from the Rent Adjustment Ordinance and the Tenant Protection Ordinance (TPO) for owner-occupied parcels with two or three units, consistent with the Just Cause for Eviction Amendment (Measure Y) adopted by voters. The legislation was introduced at the City Council meeting on February 5 but was put over to the next Council meeting upon advice from the City Attorney and not acted upon by Council. The legislation is scheduled to be before the City Council on February 26 and would then likely be adopted on second reading at the subsequent Council meeting on March 12. The effective date will be even later if the City Council deliberates the legislation past the March 12 Council meeting.

If the City Council does not enact an interim emergency ordinance implementing temporary rent stabilization measures, in the time before a non-emergency ordinance was introduced, received a second reading, and became effective, many tenants could be further subject to rent increases and displacement. Members of the public testified at the public meetings on January 29 and February 5 that some tenants have already subject to large rent increases as a result of the exemption while deliberations on a permanent policy proposal are ongoing. The City's announcement of its intention to act would exacerbate the instability of the housing market and the uncertainty of public peace, health, and welfare by, in effect, providing for a brief incentive period during which landlords could increase rents despite the clear intent of the City to regulate such practices, furthering the need for the Council to enact an interim emergency ordinance that is effective immediately.

FISCAL IMPACT

This legislation would result in Rent Adjustment requirements being temporarily extended to owner-occupied duplexes and triplexes, which could potentially result in some minimal cost increases to the City.

PUBLIC OUTREACH/INTEREST

This report is posted on the City's website, which meets the minimum requirements. In addition, Councilmembers' offices are conducting outreach about this legislation to several Oakland-based organizations representing tenants or landlords.

COORDINATION

Item: _____
Special City Council Meeting
February 14, 2019

Councilmember Nikki Fortunato Bas

Subject: Interim Emergency Ordinance to Temporarily Eliminate Exemptions

This report and legislation were coordinated with the City Attorney's office and the Department of Housing and Community Development.

SUSTAINABLE OPPORTUNITIES

Economic: The interim ordinance is intended to protect the economic vitality of Oakland by discouraging real estate speculation that seeks to capitalize on higher rents that are commanded in new construction by displacing tenants and owners in older housing units and providing interim protections for tenants who reside in two- and three-unit buildings and not subjecting them to displacement.

Environmental: While there is no immediate environmental impact to the interim or permanent housing reforms that are under consideration, displacement of the lowest income residents of Oakland has often resulted in an increased number of residents living outdoors, exacerbating environmental and public health concerns related to improper sanitation practices. The ordinance is intended to promote neighborhood stability by reducing the likelihood of unscrupulous displacement of vulnerable tenants in residential rental properties.

Social Equity: The ordinance is intended to promote social equity by providing interim protections to Oakland renters who are, on the whole, less economically secure than Oakland homeowners. A large number of Oakland renters are persons of color, single women with children, and lower income who face discrimination in the housing market when seeking to secure units for rent or purchase and have been among those most vulnerable to real estate speculators who seek to subvert Oakland's tenant protections law. The Council also recognizes the vulnerability and pressure placed on low and moderate income homeowners of duplex and triplexes, many of whom are also people of color, single parents and senior citizens who are vulnerable to both escalating costs and real estate speculators who may entice them to sell their properties with large cash offers. This moratorium seeks to stabilize the housing market as the Council considers appropriate reforms to discourage speculation and other practices that displace low and moderate income tenants and renters from our neighborhoods.

ACTION REQUESTED BY THE CITY COUNCIL

Councilmembers Bas and McElhaney recommend the City Council:

Adopt an interim emergency ordinance to temporarily eliminate the exemptions from the Rent Adjustment Ordinance (O.M.C. 8.22.030) for owner-occupied parcels with two or three units, consistent with the Just Cause for Eviction Amendment (Measure Y) recently adopted by voters.

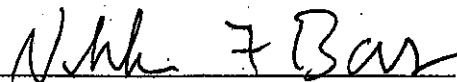
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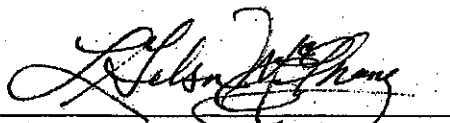
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For questions regarding this report, please contact Miya Saika Chen, Chief of Staff,
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Respectfully Submitted,



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